

NATIONAL COUNCIL OF WELFARE REPORTS

**WELFARE INCOMES,
2000 AND 2001**

SPRING 2002

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FOREWORD

Welfare Incomes is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for four types of households in 2000 and 2001: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged ten and 15. The National Council of Welfare has published similar estimates since 1986.

The National Council of Welfare is grateful to the officials of provincial and territorial governments who took the time to review the factual material in this report and previous reports. The Council also appreciates the continuing support and cooperation of the Quantitative and Information Analysis Division of the Social Policy Directorate at Human Resources Development Canada, in particular the help of Anne Tweddle.

In all the years the Council has tracked welfare incomes, we have continually found that incomes fall well below the poverty line and represent a tiny fraction of average incomes. This report shows areas where gains have been made—and some where ground has been lost. Unfortunately, the federal budget of December 10, 2001, did not offer much hope for change. It announced more than seven billion dollars over five years for national security and the war against terrorism. While one might agree with some increase in the resources earmarked for security following the attacks of September 11, 2001, in the United States, a number of organizations are indignant, and rightly so, at seeing no additional commitments to “social protection,” notably, income support for lower-income individuals. And if the recession worsens, then the number of low-income people to whom we must provide additional economic support will grow.

At least the Canada Child Tax Benefit (CCTB) program has not been touched, one could say, but the contributions made to it are not entirely passed on to those who need them most. In fact, the paradoxical effect of the clawback that has existed since July 1998 continues in eight of the 13 provinces and territories: what the federal government gives, the provinces and territories take away. Five provinces are an exception to this tendency. Newfoundland and Labrador, and New Brunswick have been passing on the increases to families since July 1998, and three provinces have recently modified their approach to the CCTB: Nova Scotia since August 2001, Manitoba since July 2001 with respect to children under age seven, and Quebec since July 2001 for all family allowance recipients in Quebec. Moreover, a number of provinces and territories reviewed their welfare program in 2001 or announced they would do so in 2002.

This *Welfare Incomes* report for 2000 and 2001 clearly shows that governments must do a better job of honouring their commitments to combat poverty and social exclusion.

The governor of the Bank of Canada himself pointed out last October 24 that sound management of public finance did not mean we should let “automatic stabilizers” take effect

in the event of an economic shock. In other words, governments should increase employment insurance and welfare benefits so as to protect those most seriously affected by the crisis.

The Council will closely monitor the results of various public consultations, including future budget consultations, as well as the recommendations adopted by governments, to ensure that the changes made truly reflect the needs of low-income Canadians and respect their full rights as citizens.

WHAT IS WELFARE?

Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, the Canada Health and Social Transfer (CHST) replaced CAP. Under the CHST, the federal government reduced its transfer payments to the provinces and territories for health, education and social services. As of July 1, 1998, the CCTB has covered some of the cost of welfare for families with children.

Although people talk about welfare as a single entity, there are really 13 welfare systems in Canada: one in each province and territory, including the new territory of Nunavut established in 1999. Despite the fact that each of the 13 systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

ELIGIBILITY

Eligibility for welfare is based on general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People with a disability require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a "needs test". The welfare department compares the budgetary needs of an applicant and any dependants with the assets and income of the household. Needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household's non-exempted financial resources are less than the cost of regularly recurring needs that the welfare department considers acceptable, for example, food, shelter, household, personal needs and special needs.

First, the needs test examines applicants' fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are

generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (that is, cash, bonds and securities that are readily convertible to cash, RRSPs, but not Canada Pension Plan income and, in some provinces and territories, the cash value of life insurance) appear in Table 1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels that were in effect in January 2001.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Some types of income, such as the basic CCTB (but not the supplement) and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Welfare departments consider that income from other sources such as employment, pensions and unemployment insurance is fully or partially available for support of the household.

The supplement to the CCTB, also called the National Child Benefit Supplement (NCBS), is considered differently from one province or territory to another. On the one hand, in most jurisdictions, the supplement is treated as income and subtracted from the amount of the welfare cheque. Some provinces, rather than considering this amount as income, reduce either the welfare benefit or the provincial family allowance paid to families by the amount of the supplement. The process varies, but the result is the same: the province claws back what represents a significant amount for lower-income families. On the other hand, three provinces have joined Newfoundland and Labrador, and New Brunswick in allowing families that receive welfare to keep this money. They are Nova Scotia since August 2001, Manitoba since July 2001 for children under age 7, and Quebec since July 2001 for all Quebec family allowance recipients.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share with the provinces and territories the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory has replaced its needs test.

TABLE 1, LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2001

	UNEMPLOYABLE			EMPLOYABLE	
	SINGLE PERSON	SINGLE PARENT, ONE CHILD	SINGLE PERSON WITH DISABILITY	SINGLE PERSON	FAMILY
NEWFOUNDLAND AND LABRADOR	\$500	\$1,500	\$3,000 ¹	\$500	\$1,500
PRINCE EDWARD ISLAND	**2	\$1,200	\$900	\$50 to \$200 ³	\$50 ⁴
NOVA SCOTIA ⁵	\$500 ⁶	\$2,500	\$3,000	Province generally requires applicants to expend liquid assets to meet basic needs.	
NEW BRUNSWICK	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
QUEBEC ⁷	\$1,500	\$2,825 ⁸	\$2,500	\$1,500	Couple, 2 children: \$2,917 ⁹
ONTARIO ¹⁰	\$5,000	\$5,500 ¹¹	\$5,000	Single person: \$520; Couple: \$901 ¹² Couple, one child: \$1,530; Adult, one child: \$1,457 ¹³	
MANITOBA ¹⁴	N/A ¹⁵	\$2,000	\$2,000	\$0 at enrollment	\$0 at enrollment
SASKATCHEWAN	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 ¹⁶
ALBERTA	\$1,500	\$2,500	\$1,500 ¹⁷	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets

TABLE 1, LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2001

	UNEMPLOYABLE			EMPLOYABLE	
	SINGLE PERSON	SINGLE PARENT, ONE CHILD	SINGLE PERSON WITH DISABILITY	SINGLE PERSON	FAMILY
BRITISH COLUMBIA ¹⁸	\$500	\$5,000	\$3,000	\$500	\$5,500 + \$500 for each additional child
YUKON ¹⁹	\$500	\$1,500	\$1,500	\$500	\$1,000 for two people + \$300 for each additional family member
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				
NUNAVUT	The director may determine that some assets (such as those used in traditional activities) should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

¹ In Newfoundland and Labrador, a person with a disability and with dependents is able to retain \$5,500 in liquid assets.

² In Prince Edward Island, single applicants were not considered unemployable unless they were a person with a disability.

³ For unemployed applicants who require assistance for less than four months, the exemption is \$50 a month. For a single person on assistance for four months or more, the liquid asset exemption level is \$200.

⁴ This level applies to unemployed applicants with families who require assistance for less than four months. For persons with dependants who are on welfare for four months or more, liquid asset exemption levels are \$1,200 to \$2,400, depending on family size.

⁵ Interim levels as of May 2000 are those applicable for people who are coming into the assistance program.

⁶ The amounts are for welfare clients. In the Family Benefits program, a single person with a disability may keep assets of \$ 3,000; a married person with a disability may keep assets of \$5,500 and a single parent of \$2,500.

⁷ As of 1998, Quebec set standard maximum liquid asset amounts according to family size. If the applicant's assets (including expected income from other sources during the month of application) fall below the maximum, the welfare cheque for that month is calculated the rest of the days left in that month. Heat and utility costs are subtracted from the total assets. Amounts have increased as of January 2001 and are different for persons with disability and those without disability.

⁸ The exemption level for the single parent with one dependant is \$ 2,500 plus \$325 for one child. If the single parent with one dependant had severe limitation to work, the level would be \$5,000 + \$325 for a total of \$5,325.

⁹ The exemption level for an employable couple with two children is \$ 2,500 plus \$417 for two children, which totals \$ 2, 917. The exemption level for an employable couple with only one child would be \$2,500 + \$217 for a total of \$2,717.

¹⁰ The "unemployable" category is the Ontario Disability Support Program; the "employable" category is Ontario Works, which underwent changes in 1998. Ontario may allow assets to increase beyond the prescribed limits provided the funds are intended for the purchase of an approved disability-related item or service or an item or service necessary for the health of a member of the benefit unit (individual or family). The greater amount cannot be greater than the sum of the total amount allowed for a benefit unit and \$5,000.

¹¹ The Asset Exemption Level for a couple under the Ontario Disability Support Program is \$7,500.

¹² The levels for single person and couple without children are equivalent to one month of assistance.

¹³ The levels for a single parent with one child and couple with one child are equivalent to two months of assistance.

¹⁴ The provincial government took over the administration of welfare in the City of Winnipeg in 1996. The provincial Municipal Assistance Regulation does not allow any liquid asset exemption for applicants. In areas where the municipal government administers the program, it has the discretion to allow an exemption of up to \$400 per person and \$400 for each additional dependent to a maximum of \$2,000 per household, once a person or family has qualified for assistance.

¹⁵ In the Province of Manitoba, single applicants were not considered unemployable unless they had a disability.

¹⁶ The level of \$3,000 applies to a person with one dependant. There is an additional \$500 liquid asset exemption for each additional dependant.

¹⁷ This rate refers to people who receive welfare under the Supports for Independence program. Alberta grants an exemption of up to \$3,000 if a person has a severe and permanent disability and has high needs because of the costs of personal support services. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped (AISH) program, rather than welfare. In January 2000 and 2001, the asset limit for AISH was \$100,000.

¹⁸ These exemption levels apply to British Columbia welfare recipients under age 55. The liquid asset exemption for single recipients 55 and older is \$3,000. There is an additional \$500 liquid asset exemption for each additional dependant.

¹⁹ The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic welfare rates, which generally include food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or "in kind" support in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special-needs item such as medication but they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

Across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On one hand, welfare recognizes the fact that individuals may have ongoing or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Tables 2 present a national picture of estimated welfare incomes for 2000 and 2001. The incomes shown are for the basic needs of four household types: a single employable person, a single person with a disability, a single-parent family¹ with a two-year-old child, and a two-parent family with two children aged ten and 15. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 2000, and January 1, 2001, respectively, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household.

In addition, our calculations only consider cash income, since it is impossible for us to take into account the value of the services provided by a province or territory, even the most valuable among them, for example the Quebec system of child care at a maximum cost for the parents of \$5 a day.

¹ A single-parent family is a family headed by a mother or father living alone who is either widowed, separated, divorced, or has never been married.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. In Quebec, the welfare department sometimes considers the financial support of young people to be the responsibility of their parents. In those cases, Quebec will reduce the assistance rate and demand a contribution from the parents of the welfare recipient.

These figures are also minimum amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

BASIC SOCIAL ASSISTANCE

The column called basic social assistance shows the basic welfare that eligible households are entitled to have. Basic assistance generally includes an amount for food, clothing, shelter, utilities, personal and household needs. The figures in the basic social assistance column also reflect, when applicable, the reduction in assistance caused by the clawback of the supplement to the CCTB that began in July 1998.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing and the case history.

A. RESIDENCE

The rates of social assistance shown for each province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

B. AGES OF CHILDREN

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years old and the children in the two-parent family are ten and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.

C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

In Tables 2, we assigned short-term rates of assistance (which are generally lower than long-term rates) to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the person with a disability received welfare, not payments for special, long-term disability programs. In Alberta, for example, people with severe and permanent disabilities may be eligible for a special program called Assured Income for the Severely Handicapped (AISH), providing they can supply the province with medical proof of the severity of their disability. In April 2001, 27,764 Albertans received support from AISH, while 8,951 people who were classified as "not expected to work" received support from the regular welfare program.

D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. All provinces and the three territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions.

Saskatchewan paid welfare recipients the actual cost of their utilities up to a set maximum amount until 1993. After 1993, Saskatchewan paid the actual costs with no limits. In the 1998 version of this report, the figures showed the actual average amount the province paid to welfare recipients of each family type. Since 1999, the rate is based on the average of actual payments made in December multiplied by 12 months.

E. CASE HISTORY

In order to "annualize" the rates for this report, we assumed that these four typical households started receiving welfare on January 1 of each year in question, that is in 2000 and 2001, and remained on assistance until the last day of each calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the

second column in Tables 2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances. The footnotes explain the special assistance in each jurisdiction.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in Column 2 of Tables 2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

CANADA CHILD TAX BENEFIT

The child tax benefit system changed radically in recent years. Successive federal governments have moved to "target" their financial support to families at the lower end of the income spectrum. The Canada Child Tax Benefit column shows the basic CCTB and the supplement, including increases on July 1, 2000 or 2001, depending on the table.

In 2000, the federal government paid a basic annual benefit up to \$1,104 for each child under age 18 in most parts of Canada. In 2001, the amount was \$1,117. Alberta asked the federal government for different calculations of its basic benefits according to the ages of the children. In all provinces and territories, there was a supplementary annual benefit of up to \$213 for each child under age seven.

From July 1998 to June 2000, the federal government provided all families with incomes under \$20,921 with a supplement to the CCTB. The limit rose to \$21,214 in July 2000 and to \$21,744 in July 2001. If a family had one child, the supplement was \$785 a year between January and June 2000, or \$65.42 a month. Families with two children received a supplement of \$1,370 a year or \$114.17 a month. As of July 1, 2000, the supplement was \$977 a year or \$81.42 a month for a family with one child, and \$1,748 a year or \$145.67 a month for a family with two children. Finally, beginning July 1, 2001, the supplement was \$1,255 a year or \$104.58 a month for a family with one child, and \$2,310 a year or \$192.50 a month for a family with two children. Our calculations show the lower rate from January to June 2000 and 2001 and the increase from July to December 2000 and 2001.

Only those families on welfare who lived in Newfoundland and Labrador, New Brunswick and to a lesser extent Manitoba² saw an increase in their incomes because of the supplement to the CCTB in 2000, and were joined by families on welfare who lived in Nova

² In Manitoba, after July 2000, the increase in the supplement is exempt from the usual clawback, for families on welfare.

Scotia, Manitoba (families with children under age seven) and Quebec in 2001. The other provinces and territories recovered this amount in various ways.

On the one hand, in most jurisdictions, the supplement to the CCTB is treated as income and subtracted from the amount of the welfare cheque. Some provinces, rather than considering this amount as income, reduce either the welfare benefit or the provincial family allowance paid to families by the amount of the supplement. The process varies, but the result is the same: the province claws back what represents a significant amount for lower-income families. On the other hand, three provinces have joined Newfoundland and Labrador, and New Brunswick in allowing families that receive welfare benefits to keep this money.

In a first group, in Prince Edward Island, Nova Scotia (until August 2001), Ontario, Manitoba, British Columbia, Yukon and Northwest Territories, the supplement is considered to be non-exempt income that triggers a cut in the families' welfare cheques.

In a second group, it is the family allowance that is reduced by the amount of the supplement. This is the case in Quebec until July 2001, and in Saskatchewan and British Columbia as of the publication date. Now, to the extent that the supplement increases from year to year, the family allowance diminishes and at some point, the value of the family allowance will be nil. British Columbia distinguishes itself from the other provinces here in that it deducts the amount of the supplement from the CCTB not only from families on welfare, as we have noted in previous versions of this report, but it applies the same process to all low-income families, regardless of their source of income.

Alberta, for its part, reduced social assistance rates every year since 1998 as the supplement was increased.

The figures in the Canada Child Tax Benefit column cover the basic tax benefit and the supplement; the cuts are in the welfare column or in the provincial/territorial child benefits column.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks under the CCTB discriminate against families on welfare. Our 2001 report, *Child Poverty Profile 1998*, estimated that only 66 percent of poor families with children benefited from the CCTB between June 1998 and June 1999: 79 percent of two-parent poor families but only 57 percent of poor single-parent families would be allowed to keep the supplement of the CCTB. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.

PROVINCIAL AND TERRITORIAL CHILD BENEFITS

The Newfoundland and Labrador Child and Family Benefit began in August 1999. Since then, the single-parent family with one child receives \$17 a month and the two-parent family with two children receives \$43 a month.

In 1998, Nova Scotia used the money it clawed back to support the Nova Scotia Child Benefit for all families with net annual incomes below \$16,000. As of July 1999, families received \$324 for the first child and \$242 for the second child, and in July 2000, the benefits for the first child increased to \$403, and to \$319 for the second child. Our calculations for 2000 show the lower amount from January to June 2000 and the higher amount for July to December 2000. Beginning in August 2001, personal allowances for children under age seven are no longer part of the welfare program of Nova Scotia but are replaced by a provincial benefit for families with children, the Nova Scotia Child Benefit, and the supplement to the CCTB. The amount of the child benefit is \$445 for the first child and \$645 for the second child. Thus, as of August 1, 2001, Nova Scotia no longer claws back the supplement to the CCTB.

In October 1997, New Brunswick introduced a provincial Child Tax Benefit worth \$21 a child each month, retroactive to April 1997. There have been no increases to the Benefit since then.

Quebec provides a family allowance over and above the CCTB. This was worth \$66.25 a month for each child from January to July 2000, then \$52.08 a month for each child from August 2000 on. Quebec also pays a supplement to single-parent families worth \$108.33 a month, and includes it in the family allowance. From January to July 2000, Quebec clawed back from the provincial family allowance an amount equal to the supplement to the CCTB. From July 2000 to July 2001, it clawed back less than the value of the supplement, and as of July 1, 2001, it sends the full amount of the supplement to welfare families.

The Saskatchewan Benefit provided \$75 a month for the family with one child and \$167 a month for the family with two children until June 1999. In July 1999, Saskatchewan reduced this amount by the amount of the increase in the federal government's payment under the supplement to the CCTB. From January to July 2000, these families received \$60 a month and \$137 a month respectively. With the new increase in the CCTB in July 2000, the Saskatchewan benefits dropped to \$44 and \$105.50 respectively. Finally, in July 2001, the benefits were \$21 for the family with one child and \$59 for the family with two children. Moreover, Saskatchewan provides an allowance of \$35 a month to the single-parent family.

In July 1996, British Columbia introduced the BC Family Bonus as part of a package of initiatives known as BC Benefits. The Family Bonus is an income-tested monthly payment to all low-income families with children that have filed income tax returns for the previous year and have applied for the CCTB. All these families received \$40 a month for each child for January to June 2000, and \$25 a month from July to December 2000, from the BC Family Bonus. These amounts are the same as the provincial benefit from which the supplement to the CCTB is subtracted. British Columbia distinguishes itself from the other provinces in that

it claws back the supplement to the CCTB not only from families on welfare, but it applies the same process to all low-income families.

Northwest Territories uses the money it claws back from the supplement to the CCTB to support the NWT Child Benefit for all families with net annual incomes below \$20,921. Beginning in July 1998, families receive \$330 annually for every child. The amount did not change between 1999 and 2001.

The new territory of Nunavut adopted largely the same welfare policies as Northwest Territories. The Nunavut Child Benefit provides \$330 a year for each child.

Several provinces and territories also provide incentives to low-income workers with children. We have not included these programs in our calculations because we base our estimates on the welfare incomes of parents with no earned income.

RECENT DEVELOPMENTS

In mid-2001, the Alberta Minister of Human Resources and Employment appointed an MLA Committee to review the programs and supports offered by the ministry to low-income Albertans and "to ensure that these programs continue to help low-income families meet the challenges they face" (Discussion Guide). These programs included its welfare program, Support for Independence. Many people participated in the review through questionnaires and discussion groups, and the chairman of the Committee reported to the minister sometime in mid-October 2001. As yet, there has been no public announcement of what follow-up action will be taken in respect of the recommendations, submitted solely to the minister.

Saskatchewan is working on its initiative called "Building Independence" aimed at reducing poverty and the number of people on welfare. It is now in Phase II: Welfare Reform, which focuses on a number of factors that prevent people from getting off welfare and entering the job market, such as public housing, meaningful employment, family supports, training, taxation, day-care services, disability-related problems, youth, motherhood, early childhood development and the simplification of rates. In 2001, pilot projects planned for Yorkton and Regina as well as public consultations, including an on-line survey, were carried out on the various issues. No date has been announced for implementation of the recommendations arising from the pilot projects and public consultations.

In Nunavut, the Minister of Education tabled the Final Report on the Income Support Policy Review in the Nunavut Legislative Assembly on May 23, 2001. The Report, containing 46 recommendations, covered five main themes: Youth, Adults, Elders, Circles of Support, and Nunavut Government. One of the Panel's main recommendations was to revise the levels of food and clothing benefits provided through the Income Support Program, as well as the earnings exemption policy.

More recently, on January 7, 2002, the Minister of Human Resources for Newfoundland and Labrador announced that a review of welfare legislation was being undertaken. The *Social Assistance Act* has not been updated since 1977, and the ministry has since become involved in the areas of training and employment programs. The minister also announced that meetings would be held with welfare recipients and community groups to get their views on

what changes should be made. The minister expects the new legislation to be enacted in the fall of 2002.

In January 2002, the government of British Columbia announced that it is cutting the budgets of all ministries, except Health and Education, an average of 25 percent over the next three years. Total expenditures will be reduced by \$1.9 trillion, a reduction of eight percent over three years. These changes should mean about 3,300 fewer full-time equivalent positions in the public service between now and the end of March 2003. Also, the welfare ministry is redefining the BC welfare system, and will no longer be known as BC Benefits, but as BC Employment and Assistance. Benefits will be reduced for some recipients and the eligibility requirements for employable single people and couples will become more stringent. For example, to be eligible for assistance, applicants who are aged 19 or older will have to be independent for two years after moving out of their parents' home. Single parents considered employable will be expected to return to work once their child reaches age three, which is four years sooner than under the current policy. The government warned that it is preparing to cut the benefits of recipients who are not looking for employment. Only the benefits for people with a disability will be increased.

GST CREDIT

The column for federal GST credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the Atlantic provinces. The GST credit is paid quarterly. The four payments received in 2000 and 2001 were worth a maximum of \$202 (two payments at \$199 and two payments at \$205) and \$206 (two payments at \$205 and two payments at \$207) a year respectively for each adult or the first child in a single-parent family. For other dependent children, the total was a maximum of \$105, \$107 and \$109 respectively on July 1 in 1999, 2000 and 2001 for each child.

Single adults also received an income-tested supplement in 2000 and 2001, to a maximum of \$105, \$107 and \$109 respectively on July 1 in 1999, 2000 and 2001, if their annual income in 1998, 1999 and 2000 respectively was higher than \$6,456, \$6,546 and \$6,710. Since 2000, heads of single-parent families receive the full amount of the supplement, as the schedule below \$6,456 no longer applies, and based on our assumptions, the income schedule above \$26,284 never applies, the welfare incomes of single parents being, thus far, always below this upper limit.

PROVINCIAL TAX CREDITS

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia.

TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial / Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR							
Single Employable ³	1,596				202	40	1,838
Person with a Disability ⁴	7,044	1,500			240	40	8,824
Single Parent, One Child ⁵	11,298		2,159	204	506	100	14,267
Couple, Two Children ⁶	11,772		3,683	516	616	200	16,787
PRINCE EDWARD ISLAND ⁷							
Single Employable	5,598				202		5,800
Person with a Disability ⁸	7,398	1,092			236		8,726
Single Parent, One Child ⁹	9,595		2,159		490		12,244
Couple, Two Children ¹⁰	14,275	350	3,683		616		18,924
NOVA SCOTIA ¹¹							
Single Employable ¹²	4,374				202		4,576
Person with a Disability	8,568				243		8,811
Single Parent, One Child ¹³	9,679		2,159	364	497		12,698
Couple, Two Children ¹⁴	12,217		3,683	644	616		17,160
NEW BRUNSWICK							
Single Employable	3,168				202		3,370
Person with a Disability ¹⁵	6,696				206		6,902
Single Parent, One Child ¹⁶	8,772	900	2,159	250	492		12,573
Couple, Two Children ¹⁷	9,828	1,000	3,683	500	616		15,627

TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Income
QUEBEC ¹⁸							
Single Employable ¹⁹	6,080				202		6,282
Person with a Disability ²⁰	8,844				245		9,089
Single Parent, One Child ²¹	8,266		2,159	2,024	501		12,950
Couple, Two Children ²²	10,399	139	3,683	1,448	616		16,285
ONTARIO ²³							
Single Employable	6,240				202	383	6,825
Person with a Disability ²⁴	11,160				295	306	11,761
Single Parent, One Child ²⁵	10,603	105	2,159		506	385	13,758
Couple, Two Children ²⁶	13,009	407	3,683		616	499	18,214
MANITOBA							
Single Employable	5,352				202		5,554
Person with a Disability ²⁷	6,478	960			219		7,657
Single Parent, One Child ²⁸	8,112		2,159		478		10,748
Couple, Two Children ²⁹	12,707		3,683		616		17,006
SASKATCHEWAN ³⁰							
Single Employable	5,650				202		5,852
Person with a Disability ³¹	7,238	1,020			232		8,490
Single Parent, One Child ³²	8,410		2,159	1,044	486		12,099
Couple, Two Children ³³	11,793	215	3,683	1,455	616		17,762

TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Income
ALBERTA³⁴							
Single Employable	4,764	60			202		5,026
Person with a Disability ³⁵	6,384	996			207		7,587
Single Parent, One Child ³⁶	8,908	60	2,074		485		11,527
Couple, Two Children ³⁷	13,477	395	3,780		616		18,268
BRITISH COLUMBIA³⁸							
Single Employable ³⁹	6,096	35			202	50	6,383
Person with a Disability ⁴⁰	9,329	35			258	50	9,672
Single Parent, One Child ⁴¹	10,636	80	2,159	390	509	50	13,823
Couple, Two Children ⁴²	12,489	190	3,683	973	616	100	18,051
YUKON⁴³							
Single Employable ⁴⁴	10,790	155			291		11,236
Person with a Disability ⁴⁵	10,790	1,655			308		12,753
Single Parent, One Child ⁴⁶	15,012	572	2,159		510		18,253
Couple, Two Children ⁴⁷	21,471	685	3,683		616		26,455
NORTHWEST TERRITORIES⁴⁸							
Single Employable ⁴⁹	8,499				232		8,730
Person with a Disability ⁵⁰	10,639				274		10,913
Single Parent, One Child ⁵¹	17,605		2,159	330	510		20,604
Couple, Two Children ⁵²	22,743		3,683	660	616		27,702

TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial / Territorial Tax Credits	Total Income
NUNAVUT ⁵³							
Single Employable ⁵⁴	10,188				246		10,434
Person with a Disability ⁵⁵	12,288				287		12,575
Single Parent, One Child ⁵⁶	25,195		2,159	330	510		28,194
Couple, Two Children ⁵⁷	29,377		3,683	660	616		34,336

¹ The Canada Child Tax Benefit (CCTB) figures include the \$1,104 basic benefit and the \$219 supplement for the child under seven in the single-parent family. The two-parent family with two children aged ten and 15 was eligible for \$2,208 (\$1,104 for each child). As of July 1, 1999, the single parent with one child received a supplement of \$785 a year (or \$65.42 monthly) and the couple with two children received a supplement of \$1,370 a year (\$114.17 monthly). On July 1, 2000, the value of the supplement rose to \$977 a year (or \$81.42 a month) for the single-parent family and \$1,748 a year (or \$145.67 monthly) for the couple with two children.

As explained in the Canada Child Tax Benefit Section of this report, provinces and territories treat the supplement to the CCTB in different ways. In PEI, Ontario, Nova Scotia (up to August 2001), Yukon, Alberta, Northwest Territories and Nunavut, welfare recipients have seen a reduction in their social assistance payment equal to the increase of the supplement to the CCTB, either because their social assistance system considers the supplement to the CCTB as non-exempt income or because the province reduces its social assistance rate by an amount equal to the increase to the supplement to the CCTB. The timing and administration of the reduction is different but the result is the same: it means a reduction for the family. The exceptions are New Brunswick where the full increase is passed on to clients, and partially in Manitoba (increases since July 6, 2000 are passed on to children seven years of age or older).

In Saskatchewan, Quebec and British Columbia, the provincial portion of the child benefit is offset by the federal increase. Again, there is an exception with Newfoundland and Labrador where there are no reductions to the provincial portion of the child benefit when the CCTB increases.

Alberta asked the federal government to vary the amount of the CCTB, so the figures for this province differ.

² The GST credit is paid in quarterly instalments. The special GST supplement for single persons and single-parent families is included in the totals for the year.

Newfoundland and Labrador

³ These rates apply to single, able-bodied people above age 29 boarding with relatives in St. John's. On July 1, 2000, monthly room and board rates rose by two percent from \$93 to \$95. The rate for this category increased considerably in October 2000, from \$95 to \$251 a month, following a policy change that

simplified rates for single clients. Prior to October, there were six different rates: three rates for employable adults and three rates for unemployable adults or adults over 65. The amount for these rates was based on the living arrangements of the adult (boarding with relatives, boarding with non-relatives or maintaining a household). Effective October 2000, adults over 29 years of age receive the unemployable rate for maintaining their own home or boarding with relatives. There is no change for employable singles 29 years of age and under. The Council decided to show the category of singles over 29 years since 80 percent of single clients are in that age range. Three-quarters of single employable people receiving room and board rates on welfare receive extra payments because of extenuating circumstances. Our figures do not include higher rates for special circumstances.

⁴ The additional benefits column includes the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals with a severe disability and who require supportive services to aid independent living. Rent for singles in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly. On July 1, 2000, monthly welfare rates rose two percent from \$409 to \$417.

⁵ On August 1, 2000, the monthly welfare rate rose from \$539 to \$550. Rent for singles in the largest city in the province is usually topped up with Additional Assistance at \$61 per month or \$732 yearly.

⁶ After being restructured in August of 1999, decreasing from \$630 to \$578, the monthly welfare rate rose two percent on July 1, 2000, from \$578 to \$590. Rent in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly.

Prince Edward Island

⁷ As of 1997, Prince Edward Island (PEI) considered the GST credit exempt income so the amount was not deducted from basic social assistance. On September 27, 2000, PEI announced two new assistance rates as a result of consultations with social assistance clients and their advocates. Both are retroactive to April 1, 2000. The first new assistance rate is for local transportation expenses not exceeding \$14 per month per household. Before April 1, 2000, clients received a transportation allowance for travel to jobs, day care, medical and other services as needed. This allowance may be used however the client chooses. The second form of assistance, called the Healthy Child Allowance, is for cultural and recreational activities up to \$14 per month for each dependent minor child.

⁸ Additional benefits include the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.

⁹ PEI deducts the value of the supplement to the CCTB from basic social assistance.

¹⁰ See previous footnote for a description of the supplement's treatment by PEI. The additional benefits column shows back-to-school benefits of \$100 and \$75 for the two children given twice per year as of January 2000.

Nova Scotia

¹¹ In April 2000, an interim system was put in place for people who were coming into the assistance program. For people already on Family Benefits or Social Assistance before May 1, 2000, current rates were maintained until April 2001. In order to "annualize" the rates for this Welfare Incomes report, we assumed that these four typical households started receiving welfare on January 1, 2000, and remained on assistance until the last day of the respective calendar year. Therefore, the interim system does not affect this 2000 calculation but is included in 2001 calculations.

¹² Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. Our figures do not include the higher rate for special circumstances.

¹³ Nova Scotia deducts the value of the supplement to the CCTB from basic social assistance. The province then uses the money it claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child and \$168 a year for their second child. As of July 1, 1999, families receive \$324 a year for their first child and \$242 a year for their second child. On July 1, 2000, the payment rose to \$403 a year for the first child and \$319 for the second child. To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$20,921. Families do not have to have earned income. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

¹⁴ See previous footnote for a description of the supplement's treatment. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

New Brunswick

¹⁵ A new disability supplement of \$250, given once a year, was introduced for those with medical certification of a disability. We do not show this supplement in our calculation.

¹⁶ New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October. The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month.

¹⁷ New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 a year per child). The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$42 a month.

Quebec

¹⁸ The value of the Quebec Sales Tax Credit is included in basic social assistance. The single person with a disability is classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others are classified as "non-participating."

¹⁹ Basic assistance rates increased to \$510 a month in June 2000.

²⁰ Basic social assistance for people with disabilities rose to \$737 a month on January 1, 2000.

²¹ On August 1, 2000, Quebec reduced its payments for families with children by an amount equivalent to the supplement to the CCTB by reducing its Family Allowance. For the five last months in 2000, Quebec decreased the Family Allowance by an amount less than the supplement. As of July 1, 2001, Quebec ceased decreasing its Family Allowance and passed on the full value of increases in the CCTB. The basic social assistance column shows the rate for the Work and Employment Incentives program, which Quebec increased in June 2000. The shelter subsidy for recipients with dependent children rose from \$72 a month to \$80 a month in October 1999. The provincial child benefits column shows the Quebec Family Allowance and the Family Allowance Supplement for a single-parent family.

²² See previous footnote for a description of the supplement's treatment by Quebec.

The additional benefits column includes the school expense allowance of \$46 for each dependant attending primary school and \$93 for each dependant in secondary school. The provincial child benefits column shows the Quebec Family Allowance.

Ontario

²³ The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 1999 (which is paid in 2000) based on the recipients' shelter costs.

²⁴ Assistance for a single person with a disability is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

²⁵ Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the winter clothing allowance of \$105 for each dependent child.

²⁶ Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child.

Manitoba

²⁷ The additional benefits column shows the disability benefit which was \$70 a month until June 1, 1999 when it rose to \$80 a month.

²⁸ Until July 2000, Manitoba deducted the full value of the supplement to the CCTB from basic social assistance. After July 2000, the increases of the supplement were exempted from the clawback. Instead of deducting \$81.42 on a monthly basis, Manitoba now deducts \$65.42. Starting August 1, 2001, the clawback is eliminated for all children under seven years of age.

²⁹ See previous footnote for a description of the supplement's treatment. For a couple with two children, Manitoba now deducts \$114.17 per month instead of \$145.67 prior to July 2000.

Saskatchewan

³⁰ Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. In *Welfare Incomes 1997 and 1998*, the figure showed the actual average amount paid to welfare recipients of each family type. In later editions, the utility rate is based on the actual December rate multiplied by 12 for the respective years.

³¹ Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all people with a disability on welfare are entitled to a special transportation allowance of \$20 a month.

³² On July 1, 1998, the supplement to the CCTB, called National Child Benefit Supplement (NCBS), began. Saskatchewan lowers its child benefit, instead of reducing the welfare amount, by the amount of the federal supplement. As the NCBS increases, the amount of the Saskatchewan Benefit will eventually be fully offset by the supplement. The provincial child benefits column shows the Saskatchewan Child Benefit of \$60 a month for January to June 2000 and \$44

for July to December 2000. It also includes a \$35 amount for the Saskatchewan Child Differential Allowance which also began in July 1998. This amount is payable to a recipient who is a single parent with respect to the first child of the recipient.

³³ See previous footnote for a description of the supplement's treatment by Saskatchewan. The additional benefits column includes education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13. The provincial child benefits column shows the Saskatchewan Child Benefit of \$137 a month for January-June 2000 and \$105.50 for July-December 2000.

Alberta

³⁴ The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single person with a disability is classified under the Assured Support program. The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult.

³⁵ The additional benefits column shows a monthly supplement of \$78 for any person eligible for Assured Support, and a monthly "co-payment allowance" of \$5 for each adult. Our calculation does not show the additional Handicapped Benefit of \$175 a month available for recipients in 2000 who require specific medical devices. In the fiscal year 2000-2001, about 115 single persons under the "Support for Independence" (SFI) program received the Handicap Benefit, whereas an average of 655 single persons under "Assured Income for the Severely Handicapped" (AISH) received it.

Most people with severe and permanent disabilities and limited resources receive assistance of \$855 a month through AISH. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are eligible for benefits as above, plus special needs and benefits for special shelter, related to family size and composition, and ages of children. In April 2000, 25,756 Albertans received support from AISH while 8,655 people who were classified as "not expected to work" received support from the Assured Support program.

³⁶ On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement increased in July 2000 from \$65.42 to \$81.42 a month, the social assistance benefit decreased from \$321 to \$305 a month. Alberta varies the amounts of the CCTB according to the age of the child. The additional benefits column shows the monthly "co-payment allowance" of \$5 for each adult.

³⁷ On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement for two children increased in July 2000 from \$114.17 to \$145.67 a month, the social assistance benefit decreased from \$612 to \$581 a month. Additional benefits include education-related expenses: \$175 for high-school children and \$100 for elementary-school children. Alberta varies the amounts of the CCTB according to the age of the child.

British Columbia

³⁸ Provincial tax credits include the British Columbia (BC) Sales Tax Credit, which is payable to low-income households through the income tax system. The amounts shown (\$50 per person per year) were paid in 2000 for the 1999 tax year.

³⁹ As of January 1996, BC imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently. The Basic Social Assistance increased as of July 26, 2000 from \$175 to \$185 a month. The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

⁴⁰ The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a person with a disability. The Income Assurance Rate increased from \$446 to \$461.41 a month as of July 26, 2000.

⁴¹ On July 1, 1998, BC reduced the provincial Family Bonus by the full amount of the supplement to the CCTB. Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB. Single-parent families on welfare received only \$40 per month between January and June 2000 because the provincial portion of \$105 is reduced by the supplement to the CCTB of \$65. For July to December 2000 this family received even less from the provincial Family Bonus, because even if the Family Bonus increased from \$105 to \$106.83, the clawback increased even more from \$65 to \$82, resulting in a thin \$25.41 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under "Additional Benefits" show a Christmas allowance of \$70 for the single parent plus \$10 for the child.

⁴² Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB. A couple with two children on welfare received \$96 per month between January and June 2000, because the provincial portion of \$210 was reduced by the supplement to the CCTB of \$114. For July to December 2000, this family received even less from the provincial Family Bonus, because even if the Family Bonus increased from \$210 to \$212, the clawback increased even more from \$114.17 to \$145.67, resulting in a thin \$66.33 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under "Additional Benefits" show a Christmas allowance of \$90, and school start-up fees of \$42 for a child between the ages of six and 11 and \$58 for a child 12 and older.

Yukon

⁴³ Yukon last raised welfare rates in April 1991.

⁴⁴ Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older.

⁴⁵ Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older. Welfare recipients with a disability also receive a supplementary allowance of \$125 a month if Yukon considers them "permanent exclusions from the labour force."

⁴⁶ Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas allowance and a \$200 winter clothing allowance.

⁴⁷ Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include school allowances of \$50 for the ten-year-old and \$65 for the 15-year-old, \$120 for a Christmas allowance and \$450 for winter clothing.

Northwest Territories

⁴⁸ Welfare recipients in the Northwest Territories (NWT) may be eligible for additional support if they undertake activities the territory considers "productive choices." These may include activities such as work, training, raising children under the age of three, and voluntary activities. Shelter rates are fixed but the government pays the actual cost of fuel.

⁴⁹ This person is considered in the "transitional" part of the program for two months, then the regular program for ten months. When in the "transitional" part, an individual is not eligible for a clothing amount. NWT raised the monthly food allowance for single people from \$152 to \$162 in August 1998.

⁵⁰ NWT raised the monthly food allowance for single people from \$152 to \$162 in August 1998. Under special circumstances, NWT will pay higher shelter costs for welfare recipients with disabilities. This figure assumes that the person with disabilities did not receive the higher shelter payment. This person is admissible for clothing allowance.

⁵¹ NWT deducts the value of the supplement to the CCTB from basic social assistance. The territory then uses the money it claws back to support the NWT Child Tax Benefit. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The NWT Child Tax Benefit appears in the provincial/territorial child benefits column. NWT considers that raising a child under three is a "productive choice," so the parent and child each get a clothing allowance. This is included in the basic social assistance column. The territory raised the monthly food allowance from \$273 to \$295 in August 1998.

⁵² See previous footnote for a description of the supplement's treatment. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial/territorial child benefits column. NWT raised the monthly food allowance from \$485 to \$524 in August 1998.

Nunavut

⁵³ Nunavut territory was created April 1999. Welfare policies were based on those of the NWT but with some modifications. Rates for Nunavut are based on the amounts granted to people living in Iqaluit. Under the administration of the NWT welfare system, rates for Iqaluit were often higher than rates in Yellowknife. Utility rates are based on actual average utility payments for September 1999. The shelter portion of Nunavut welfare can be raised under exceptional circumstances to cover the actual cost of housing, but the figures shown here include only the basic payment. Welfare recipients may be eligible for additional support if they undertake activities the territory considers "productive choices." These may include activities such as work, training, raising children under the age of five, and voluntary activities.

⁵⁴ The majority of welfare recipients live in public housing and receive a subsidy of \$32.

⁵⁵ People with disabilities receive a monthly disability allowance of \$175 if they are over 60 or have a certificate from a doctor.

⁵⁶ Nunavut deducts the value of the supplement to the CCTB from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

⁵⁷ See previous footnote for a description of the supplement's treatment by Nunavut. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial / Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR							
Single Employable ³	3,030				206	40	3,276
Person with a Disability ⁴	7,116	1,500			246	40	8,902
Single Parent, One Child ⁵	11,400		2,446	204	520	100	14,670
Couple, Two Children ⁶	11,880		4,250	516	628	200	17,474
PRINCE EDWARD ISLAND⁷							
Single Employable	5,640				206		5,846
Person with a Disability ⁸	7,440	1,092			240		8,772
Single Parent, One Child ⁹	9,564		2,446		520		12,530
Couple, Two Children ¹⁰	14,171	350	4,250		628		19,399
NOVA SCOTIA¹¹							
Single Employable ¹²	4,611				206		4,817
Person with a Disability ⁸	8,067				245		8,312
Single Parent, One Child ¹³	8,860		2,447	424	520		12,250
Couple, Two Children ¹⁴	12,568		4,250	906	628		18,275
NEW BRUNSWICK							
Single Employable	3,168				206		3,374
Person with a Disability ¹⁵	6,696				206		6,902
Single Parent, One Child ¹⁶	8,772	900	2,447	250	520		12,888
Couple, Two Children ¹⁷	9,828	1,000	4,250	500	628		16,206

TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Income
QUEBEC ¹⁸							
Single Employable ¹⁹	6,209				206		6,415
Person with a Disability ²⁰	9,065				249		9,314
Single Parent, One Child ²¹	8,426		2,447	1,925	520		13,318
Couple, Two Children ²²	10,592	199	4,250	1,250	628		16,919
ONTARIO ²³							
Single Employable	6,240				206	383	6,829
Person with a Disability ²⁴	11,160				297	306	11,763
Single Parent, One Child ²⁵	10,368	105	2,447		520	388	13,828
Couple, Two Children ²⁶	12,539	407	4,250		628	506	18,330
MANITOBA							
Single Employable	5,352				206		5,558
Person with a Disability ²⁷	6,478	960			222		7,659
Single Parent, One Child ²⁸	8,436		2,447		520		11,403
Couple, Two Children ²⁹	12,707		4,250		628		17,585
SASKATCHEWAN ³⁰							
Single Employable	5,772				206		5,978
Person with a Disability ³¹	7,404	1,020			238		8,662
Single Parent, One Child ³²	8,592		2,446	809	520		12,367
Couple, Two Children ³³	12,132	215	4,250	985	628		18,210

TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Income
ALBERTA³⁴							
Single Employable	4,764	60			206		5,030
Person with a Disability ³⁵	6,384	996			216		7,596
Single Parent, One Child ³⁶	8,681	60	2,358		520		11,619
Couple, Two Children ³⁷	13,030	395	4,342		628		18,395
BRITISH COLUMBIA³⁸							
Single Employable ³⁹	6,166	35			206	50	6,457
Person with a Disability ⁴⁰	9,437	35			260	50	9,782
Single Parent, One Child ⁴¹	10,759	80	2,446	214	520	50	14,069
Couple, Two Children ⁴²	12,613	190	4,250	631	628	100	18,412
YUKON⁴³							
Single Employable ⁴⁴	11,890	155			292		12,337
Person with a Disability ⁴⁵	11,890	1,655			313		13,858
Single Parent, One Child ⁴⁶	15,877	572	2,447		520		19,416
Couple, Two Children ⁴⁷	22,101	685	4,250		628		27,664
NORTHWEST TERRITORIES⁴⁸							
Single Employable ⁴⁹	8,731				243		8,974
Person with a Disability ⁵⁰	11,091				286		11,377
Single Parent, One Child ⁵¹	17,494		2,447	330	520		20,790
Couple, Two Children ⁵²	22,361		4,250	660	628		27,899

TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Income
NUNAVUT ⁵³							
Single Employable ⁵⁴	10,188				277		10,465
Person with a Disability ⁵⁵	12,288				313		12,601
Single Parent, One Child ⁵⁶	24,960		2,447	330	520		28,257
Couple, Two Children ⁵⁷	28,907		4,250	660	628		34,445

¹ See footnote 1 in Table 2 for the year 2000.² See footnote 2 in Table 2 for the year 2000.

Newfoundland and Labrador

³ These rates apply to single able-bodied people above age 29 boarding with relatives in St. John's. The rate for this category increased considerably in October 2000, from \$95 to \$251 a month, following a policy change that simplified rates for single clients. There was a one percent increase effective July 1, 2001, the rate increasing to \$254.

⁴ The additional benefits column includes the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals with a severely disability and who require supportive services to aid independent living. Rent for singles in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly. On August 1, 2001, monthly welfare rates rose two percent from \$417 to \$421.

⁵ On August 1, 2001, the monthly welfare rate rose from \$550 to \$556. Rent for singles in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly.

⁶ On August 1, 2001, the monthly welfare rate rose by one percent, from \$590 to \$596. Rent in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly.

Prince Edward Island

⁷ As of 1997, Prince Edward Island (PEI) considered the GST credit exempt income so the amount was not deducted from basic social assistance.

⁸ Additional benefits include the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.

⁹ The Healthy Child Allowance, introduced in 2000, increased as of August 1, 2001, from \$14 to \$38 a month, which offset the increase in the clawback of the supplement from \$81.42 a month to \$104.58. PEI deducts the value of the supplement to the CCTB from basic social assistance.

¹⁰ PEI deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows back-to-school benefits of \$100 and \$75 for the two children given twice per year as of January 2000.

Nova Scotia

¹¹ In April 2000, an interim system was put in place for people who were coming into the assistance program. For people already on Family Benefits or Social Assistance before May 1, 2000, current rates were maintained until April 2001. In order to "annualize" the rates for this Welfare Incomes report, we assumed that these four typical households started receiving welfare on January 1, 2000, and remained on assistance until the last day of each calendar year. Therefore, the interim system and its rates was the one we used for our households between January 2001 and August 1, 2001, when new regulations came into force. The province combined the federal and provincial children's benefits and provided them to all low-income families.

¹² Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. Our figures do not include the higher rate for special circumstances.

¹³ Until August 1, 2001, Nova Scotia deducted the value of the supplement to the CCTB from basic social assistance. The province then used the money it clawed back to support the Nova Scotia Child Tax Benefit. On July 1, 2001, Nova Scotia discontinued charging the NCB supplement as income against welfare entitlement. The province redesigned its program. It eliminated the Personal Allowance for child under seven, which was included in the social assistance payment and increased the Nova Scotia Child Tax Benefit payments to \$445 a year for the first child and to \$645 for the second child. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

¹⁴ See previous footnote for the treatment of the federal supplement and the Nova Scotia Child Tax Benefit.

New Brunswick

¹⁵ The Disability Supplement issued in October of each year since 2000 and available for those with medical certification of a disability increased from \$250 in 2000 to \$500 in 2001. Our calculation does not show this supplement.

¹⁶ New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October. The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month.

¹⁷ New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 a year per child). The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$42 a month.

Quebec

¹⁸ The value of the Quebec Sales Tax Credit is included in basic social assistance. The single person with a disability is classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others are classified as "non-participating."

¹⁹ Basic assistance rates increased to \$522.42 a month in June 2001.

²⁰ Basic social assistance for people with disabilities rose to \$755.42 a month on January 1, 2001.

²¹ Between January and June 2001, Quebec decreased the Family Allowance by an amount less than the Supplement to the CCTB. Effective July 1, 2001, Quebec makes no further decreases to the supplement and will pass on any future increases. The basic social assistance column shows the rate for the Work and Employment Incentives program, which Quebec increased on January 1, 2001 to \$613.42 and again in June 2001 to \$628.42. The provincial child benefits column shows the Quebec Family Allowance and the Family Allowance Supplement for a single-parent family.

²² See the previous footnote for the treatment of the federal supplement by Quebec. The basic social assistance column shows the rate for the Work and Employment Incentives program, which Quebec increased on January 1, 2001 to \$783 and again in June 2001 to \$802. The additional benefits column includes the school expense allowance of \$76 for each dependant attending primary school and \$12 for each dependant in secondary school. The provincial child benefits column shows the Quebec Family Allowance.

Ontario

²³ The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 2000 (which is paid in 2001) based on the recipients' shelter costs.

²⁴ Assistance for a single person with a disability is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

²⁵ Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the winter clothing allowance of \$105 for each dependent child.

²⁶ Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child.

Manitoba

²⁷ The additional benefits column shows the disability benefit which was \$70 a month until June 1, 1999 when it rose to \$80 a month.

²⁸ Until July 2000, Manitoba deducted the full value of the supplement to the CCTB from basic social assistance. After July 2000, the increases of the supplement were exempted from the clawback. Instead of deducting \$81.42 on a monthly basis, Manitoba now deducts \$65.42. Starting August 1, 2001, the clawback is eliminated for all children under seven years of age.

²⁹ Until July 2000, Manitoba deducted the full value of the supplement to the CCTB from basic social assistance. After July 2000, the increases of the supplement were exempted from the clawback. Instead of deducting \$145.67 on a monthly basis, Manitoba now deducts \$114.17. The elimination of the clawback does not apply to children over seven years of age, as it is only for children under seven years of age, starting August 1, 2001.

Saskatchewan

³⁰ Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. In *Welfare Incomes 1997 and 1998*, the figure showed the actual average amount paid to welfare recipients of each family type. In later editions, the utility rate is based on the actual December rate multiplied by 12 for the respective years.

³¹ Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all people with a disability on welfare are entitled to a special transportation allowance of \$20 a month.

³² On July 1, 1998, the supplement to the CCTB, called National Child Benefit Supplement (NCBS), began. Saskatchewan lowers its child benefit, instead of reducing the welfare amount, by the amount of the supplement to the CCTB. As the NCBS increases, the amount of the Saskatchewan Benefit will eventually be fully offset by the supplement. The provincial child benefits column shows the Saskatchewan Child Benefit of \$44 a month for January to June 2001 and \$21 for July to December 2001. It also includes a \$35 amount for the Saskatchewan Child Differential Allowance which also began in July 1998. This amount is payable to a recipient who is a single parent with respect to the first child of the recipient.

³³ See the previous footnote for a description of the supplement's treatment by Saskatchewan. The additional benefits column includes education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13. The provincial child benefits column shows the Saskatchewan Child Benefit of \$105.50 a month for January-June 2001 and \$59 for July-December 2001.

Alberta

³⁴ The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single person with a disability is classified under the Assured Support program. The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult.

³⁵ The additional benefits column shows a monthly supplement of \$78 monthly for any person eligible for Assured Support, and a monthly "co-payment allowance" of \$5 for each adult. Our calculation does not show the additional Handicapped Benefit of \$175 a month available for recipients in 2001 who require special medical devices. In the fiscal year 2001-2002, about 133 single persons under the SFI program did get the Handicap Benefit, whereas an average of 670 single persons under the Assured Income for the Severely Handicapped (AISH) received it.

Most people with severe and permanent disabilities and limited resources receive assistance of \$855 a month through AISH program. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are eligible for benefits as above, plus special needs and benefits for special shelter related to family size and composition and ages of children. In April 2001, 27,764 Albertans received support from AISH while 8,951 people who were classified as "not expected to work" received support from the Assured Support program.

³⁶ On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement increased in July 2001 from \$81.42 to \$104.58 a month, the social assistance benefit decreased from \$305 to \$282 a month. Alberta varies the amounts of the CCTB according to the age of the child. The additional benefits column shows the monthly "co-payment allowance" of \$5 for each adult.

³⁷ On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement for two children increased in July 2001 from \$145.67 to \$192.50 a month, the social assistance benefit decreased from \$581 to \$535 a month. Additional benefits include education-related expenses: \$175 for high-school children and \$100 for elementary-school children. Alberta varies the amounts of the CCTB according to the age of the child.

British Columbia

³⁸ Provincial Tax Credits include the British Columbia Sales Tax Credit, which is payable to low-income households through the income tax system. The amounts shown (\$50 per person per year) were paid in 2001 for the 2000 tax year.

³⁹ As of January 1996, BC imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently. The Basic Social Assistance increased as of July 26, 2000 from \$175 to \$185 a month. The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

⁴⁰ The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a person with a disability. The Income Assurance Rate increased from \$446 to \$461.41 a month as of July 26, 2000.

⁴¹ On July 1, 1998, BC reduced the provincial Family Bonus by the full amount of the supplement to the CCTB. Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB.

A single-parent family on welfare only received a Family Bonus amount of \$25.41 per month between January and June 2001, because the provincial portion of \$106.83 is reduced by the supplement to the CCTB of \$81.42. For July to December 2001, this family got even less from the provincial Family Bonus, because even if the Family Bonus increased from \$106.83 to \$114.83, the clawback increased even more from \$81.42 to \$104.58, resulting in a thin \$10.25 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under "Additional Benefits" show a Christmas allowance of \$70 for the single parent plus \$10 for the child.

⁴² Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB. Two-parent families with two children on welfare received only \$68 per month between January and June 2001, because the provincial portion of \$230 was reduced by the supplement to the CCTB of \$146. For July to December 2001, this family got even less from the provincial Family Bonus, because even if the Family Bonus increased from \$214 to \$230, the clawback increased even more from \$145.67 to \$192.50, resulting in a thin \$37.16 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under "Additional Benefits" show a Christmas allowance of \$90, and school start-up fees of \$42 for a child between the ages of six and 11 and \$58 for a child 12 and older.

Yukon

⁴³ Fuel and utilities rates were increased as February 1, 2001 by \$500 a year for all types of households.

⁴⁴ Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older.

⁴⁵ Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older. Welfare recipients with a disability also receive a supplementary allowance of \$125 a month if Yukon considers them "permanent exclusions from the labour force."

⁴⁶ Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas allowance and a \$200 winter clothing allowance.

⁴⁷ Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include school allowances of \$50 for the ten-year-old and \$65 for the 15-year-old, \$120 for a Christmas allowance and \$450 for winter clothing.

Northwest Territories

⁴⁸ Welfare recipients in the Northwest Territories (NWT) may be eligible for additional support if they undertake activities the territory considers "productive choices." These may include activities such as work, training, raising children under the age of three, and voluntary activities. Shelter rates are fixed but the government pays the actual cost of fuel

⁴⁹ This person is considered in the "transitional" part of the program for two months, then the regular program for ten months. When in the "transitional" part, an individual is not eligible for a clothing amount. In September 2001, NWT raised the monthly food allowance for single people from \$162 to \$170 and the rent allowance from \$450 to \$500.

⁵⁰ In September 2001, NWT raised the monthly food allowance for single people from \$162 to \$170 in September 2001 and the rent allowance from \$450 to \$500. Under special circumstances, the territory will pay higher shelter costs for welfare recipients with disabilities. This figure assumes that the person with disabilities did not receive the higher shelter payment. This person is admissible for clothing allowance.

⁵¹ NWT deducts the value of the supplement to the CCTB from basic social assistance. The territory then uses the money it claws back to support the NWT Child Tax Benefit. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The NWT Child Tax Benefit appears in the provincial/territorial child benefits column. NWT considers that raising a child under three is a "productive choice," so the parent and child each get a clothing allowance. This is included in the basic social assistance column. The territory raised the monthly food allowance from \$295 to \$316 in September 2001.

⁵² See the previous footnote for a description of the supplement's treatment. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial/territorial child benefits column. NWT raised the monthly food allowance from \$524 to \$526 in September 2001.

⁵³ Nunavut territory was created April 1, 1999. Welfare policies were based on those of the Northwest Territories but with some modifications. Rates for Nunavut are based on the amounts granted to people living in Iqaluit. Under the administration of the NWT welfare system, rates for Iqaluit were often higher than rates in Yellowknife. Utility rates are based on actual average utility payments for September 1999. The shelter portion of Nunavut welfare can be raised under exceptional circumstances to cover the actual cost of housing, but the figures shown here include only the basic payment. Welfare recipients may be eligible for additional support if they undertake activities the territory considers "productive choices." These may include activities such as work, training, raising children under the age of five, and voluntary activities.

⁵⁴ The majority of welfare recipients live in public housing and receive a subsidy of \$32.

⁵⁵ People with disabilities receive a monthly disability allowance of \$175 if they are over 60 or have a certificate from a doctor.

⁵⁶ Nunavut deducts the value of the supplement to the CCTB from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

⁵⁷ Nunavut deducts the value of the supplement to the CCTB from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

ADEQUACY OF BENEFITS

The incomes in Tables 2 are abysmally low. To demonstrate just how low, we compared them with the Statistics Canada's low income cut-offs (LICOs) for 2000 and 2001.

Each year, Statistics Canada calculates the LICOs for different-size households in different-size communities. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing. This publication uses the 1992 LICOs as reference LICOs. They are called reference LICOs because they are taken from data gathered in 1992 on spending on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable³. In reality, most of the incomes in Tables 3 are so low that there is little or no difference between taxable and non-taxable income. For example, single employable people in Newfoundland and Labrador with total incomes of \$1,838 were abysmally poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

A federal-provincial-territorial task force on social development research and information is developing a Measurement of Poverty based on a market basket (a basket of goods and services at market prices). This measurement is currently in development. The Council of Welfare looks forward to studying its strengths and weaknesses once it is published to assess its usefulness in our work.

Some provinces and territories also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Tables 3 show, no province had welfare rates consistently closer to the poverty lines than any other. Rates in some provinces and territories, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date.

³ The National Council of Welfare's *Poverty Profile* series discusses the issue of poverty lines in more depth, including pre and post tax low income cut-offs.

Poverty is costly to Canadians. In fact, there is abundant evidence that poverty not only brings misery to the individual, but it makes no sense from a strictly economic standpoint. *The Cost of Poverty*, published last February by the National Council of Welfare, presents examples to show that when there is poverty, we all pay a price, and how better decisions would improve human welfare and result in real long-term savings.

Column one of Tables 3 shows welfare incomes for different types of households in the ten provinces in 2000 and 2001. None of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs.

Column two indicates the estimated 1999 poverty line (Statistics Canada's low income cut-offs, 1992 base) for the largest city in each province. The poverty gap, or difference between total income and the poverty line, is shown in column three. The fourth column represents total welfare income as a percentage of the poverty line, that is, welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 2000 and 2001. For the year 2000, rates ranged from 12 percent of the poverty line in Newfoundland and Labrador to 37 percent of the poverty line in Ontario, Saskatchewan and Prince Edward Island. In 2001, the rate for Newfoundland and Labrador increased to 20 percent of the poverty line, following a reform in October 2000, approached 21 percent in New Brunswick, while the highest level is seen in Saskatchewan, at 37 percent of the poverty line.

The lowest benefits for single people with a disability stood at 41 percent of the poverty line in Alberta⁴ for 2000 and 40 percent for 2001, followed by Manitoba with 42 percent and 41 percent respectively. The highest rate we observed was in Ontario, 64 percent in 2000 and 62 percent in 2001, although it was down from 70 percent in 1999.

Welfare incomes for single-parent families ranged from a low of 47 percent of the poverty line in Manitoba and 50 percent in Alberta in the year 2000, or almost as low with 48 percent

⁴ While 5,554 Albertans in the "single people" category received benefits under the Support for Independence program used in our calculations, 25,756 Albertans received a higher amount because they came under the Assured Income for the Severely Handicapped (AISH) program. We present these figures because we assume that our typical person has a sufficiently severe handicap to qualify as a person with a disability, but not requiring special equipment. Of course, we make the same assumption for all provinces and territories.

in Manitoba in 2001 and slightly lower with 49 percent in Alberta in 2001, to a high of 72 and 73 percent in Newfoundland and Labrador: for 2000 and 2001 respectively.

Finally, the lowest welfare incomes for two-parent families with two children compared to the poverty line were in Manitoba with 47 percent in 2000 and 50 percent in 2001, and in Quebec with 47 percent in 2000 and 48 percent in 2001. The highest incomes compared to the poverty line were for these families in Prince Edward Island with a rate of 64 percent in 2000 and 2001.

TABLE 3, ADEQUACY OF 2000 BENEFITS

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$1,838	\$15,757	-\$13,919	12%
Person with a Disability	\$8,824	\$15,757	-\$6,933	56%
Single Parent, One Child	\$14,267	\$19,697	-\$5,430	72%
Couple, Two Children	\$16,787	\$29,653	-\$12,866	57%
PRINCE EDWARD ISLAND				
Single Employable	\$5,800	\$15,648	-\$9,848	37%
Person with a Disability	\$8,726	\$15,648	-\$6,922	56%
Single Parent, One Child	\$12,244	\$19,561	-\$7,317	63%
Couple, Two Children	\$18,924	\$29,448	-\$10,524	64%
NOVA SCOTIA				
Single Employable	\$4,576	\$15,757	-\$11,181	29%
Person with a Disability	\$8,811	\$15,757	-\$6,946	56%
Single Parent, One Child	\$12,698	\$19,697	-\$6,999	64%
Couple, Two Children	\$17,160	\$29,653	-\$12,493	58%
NEW BRUNSWICK				
Single Employable	\$3,370	\$15,757	-\$12,387	21%
Person with a Disability	\$6,902	\$15,757	-\$8,855	44%
Single Parent, One Child	\$12,573	\$19,697	-\$7,124	64%
Couple, Two Children	\$15,627	\$29,653	-\$14,026	53%
QUEBEC				
Single Employable	\$6,282	\$18,371	-\$12,089	34%
Person with a Disability	\$9,089	\$18,371	-\$9,282	49%
Single Parent, One Child	\$12,950	\$22,964	-\$10,014	56%
Couple, Two Children	\$16,285	\$34,572	-\$18,287	47%

TABLE 3, ADEQUACY OF 2000 BENEFITS

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,825	\$18,371	-\$11,546	37%
Person with a Disability	\$11,761	\$18,371	-\$6,610	64%
Single Parent, One Child	\$13,758	\$22,964	-\$9,206	60%
Couple, Two Children	\$18,214	\$34,572	-\$16,358	53%
MANITOBA				
Single Employable	\$5,554	\$18,371	-\$12,817	30%
Person with a Disability	\$7,657	\$18,371	-\$10,714	42%
Single Parent, One Child	\$10,748	\$22,964	-\$12,216	47%
Couple, Two Children	\$17,006	\$34,572	-\$17,566	49%
SASKATCHEWAN				
Single Employable	\$5,852	\$15,757	-\$9,905	37%
Person with a Disability	\$8,490	\$15,757	-\$7,267	54%
Single Parent, One Child	\$12,099	\$19,697	-\$7,598	61%
Couple, Two Children	\$17,762	\$29,653	-\$11,891	60%
ALBERTA				
Single Employable	\$5,026	\$18,371	-\$13,345	27%
Person with a Disability	\$7,587	\$18,371	-\$10,784	41%
Single Parent, One Child	\$11,527	\$22,964	-\$11,437	50%
Couple, Two Children	\$18,268	\$34,572	-\$16,304	53%
BRITISH COLUMBIA				
Single Employable	\$6,383	\$18,371	-\$11,988	35%
Person with a Disability	\$9,672	\$18,371	-\$8,699	53%
Single Parent, One Child	\$13,823	\$22,964	-\$9,141	60%
Couple, Two Children	\$18,051	\$34,572	-\$16,521	52%

TABLE 3, ADEQUACY OF 2001 BENEFITS

	Total Income	Poverty Line ¹	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$3,276	\$16,167	-\$12,891	20%
Person with a Disability	\$8,902	\$16,167	-\$7,265	55%
Single Parent, One Child	\$14,670	\$20,209	-\$5,539	73%
Couple, Two Children	\$17,474	\$30,424	-\$12,950	57%
PRINCE EDWARD ISLAND				
Single Employable	\$5,846	\$16,055	-\$10,209	36%
Person with a Disability	\$8,772	\$16,055	-\$7,282	55%
Single Parent, One Child	\$12,530	\$20,070	-\$7,539	62%
Couple, Two Children	\$19,399	\$30,214	-\$10,815	64%
NOVA SCOTIA				
Single Employable	\$4,817	\$16,167	-\$11,350	30%
Person with a Disability	\$8,312	\$16,167	-\$7,855	51%
Single Parent, One Child	\$12,250	\$20,209	-\$7,959	61%
Couple, Two Children	\$18,353	\$30,424	-\$12,071	60%
NEW BRUNSWICK				
Single Employable	\$3,374	\$16,167	-\$12,793	21%
Person with a Disability	\$6,902	\$16,167	-\$9,265	43%
Single Parent, One Child	\$12,888	\$20,209	-\$7,321	64%
Couple, Two Children	\$16,206	\$30,424	-\$14,218	53%
QUEBEC				
Single Employable	\$6,415	\$18,849	-\$12,434	34%
Person with a Disability	\$9,314	\$18,849	-\$9,535	49%
Single Parent, One Child	\$13,318	\$23,561	-\$10,244	57%
Couple, Two Children	\$16,919	\$35,471	-\$18,552	48%

¹ Based on 2.6 percent inflation in 2001.

TABLE 3, ADEQUACY OF 2001 BENEFITS

	Total Income	Poverty Line ¹	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,829	\$18,849	-\$12,019	36%
Person with a Disability	\$11,763	\$18,849	-\$7,086	62%
Single Parent, One Child	\$13,828	\$23,561	-\$9,733	59%
Couple, Two Children	\$18,330	\$35,471	-\$17,141	52%
MANITOBA				
Single Employable	\$5,558	\$18,849	-\$13,291	29%
Person with a Disability	\$7,659	\$18,849	-\$11,189	41%
Single Parent, One Child	\$11,403	\$23,561	-\$12,159	48%
Couple, Two Children	\$17,585	\$35,471	-\$17,886	50%
SASKATCHEWAN				
Single Employable	\$5,978	\$16,167	-\$10,189	37%
Person with a Disability	\$8,662	\$16,167	-\$7,505	54%
Single Parent, One Child	\$12,367	\$20,209	-\$7,842	61%
Couple, Two Children	\$18,210	\$30,424	-\$12,214	60%
ALBERTA				
Single Employable	\$5,030	\$18,849	-\$13,819	27%
Person with a Disability	\$7,596	\$18,849	-\$11,253	40%
Single Parent, One Child	\$11,619	\$23,561	-\$11,942	49%
Couple, Two Children	\$18,395	\$35,471	-\$17,076	52%
BRITISH COLUMBIA				
Single Employable	\$6,457	\$18,849	-\$12,392	34%
Person with a Disability	\$9,782	\$18,849	-\$9,067	52%
Single Parent, One Child	\$14,069	\$23,561	-\$9,492	60%
Couple, Two Children	\$18,412	\$35,471	-\$17,059	52%

WELFARE AND AVERAGE INCOMES

The low level of financial support provided by social assistance is also evident when measured against total average incomes (after government transfers, but before tax). Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Tables 4 compare the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages for 2000 and 2001 are based on data collected by Statistics Canada in the Survey of Labour and Income Dynamics, inflated by the Consumer Price Index.

For the single employable person and the single person with a disability, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes are far, far below average. In 2000, a single employable person on welfare received from ten percent to 29 percent of the average income received by single people under 65, while in 2001, the low was 15 percent, the high 28 percent. The person with a disability on welfare got 27 to 47 percent of the average in 2000, and 26 to 46 percent in 2001. Single-parent families on welfare had incomes worth 31 to 58 percent of average incomes in 2000 and 2001. It is worth noting that average incomes for single-parent families in general remain far below average incomes for couples with children. The two-parent family on welfare had income between 22 and 34 percent of average incomes in 2000 and between 21 and 34 percent of average incomes in 2001.

The graph on the next page compares welfare incomes for the single-parent family with a two-year-old child simultaneously with the estimated average total incomes (after government transfers, but before tax) for lone-parent families in each province and with the low income cut-offs for a two-member household in the largest city. As we explained it in the previous section, we consider these low income cut-offs as poverty lines.

The situation of single-parent families clearly illustrates the significant gap between welfare incomes and estimated average total incomes and the poverty lines in 2001. Welfare incomes for single-parent families in 2001 were all at least \$5,000 below the poverty line for two-member families living in the largest city in each province, and a minimum of \$10,000 (Newfoundland and Labrador, Nova Scotia, New Brunswick, Manitoba...) and maximum of \$26,000 (Ontario and Alberta) below the estimated average total income for all single-parent families in those provinces.

The abysmally low welfare incomes for these single-parent families would be slightly less tragic if governments were to stop clawing back the Supplement to the CCTB. In most provinces and territories that clawed back the supplement at the end of 2001, the loss of earnings in single-parent families' annual budget was \$1,116. For example, for a single-parent family living in Ontario, the clawed-back amount represents 8.7 percent of the annual budget.

FIGURE 1

2001 Welfare Incomes for Single Parent with One Child Aged Two Compared to Poverty Line and Estimated Average Income

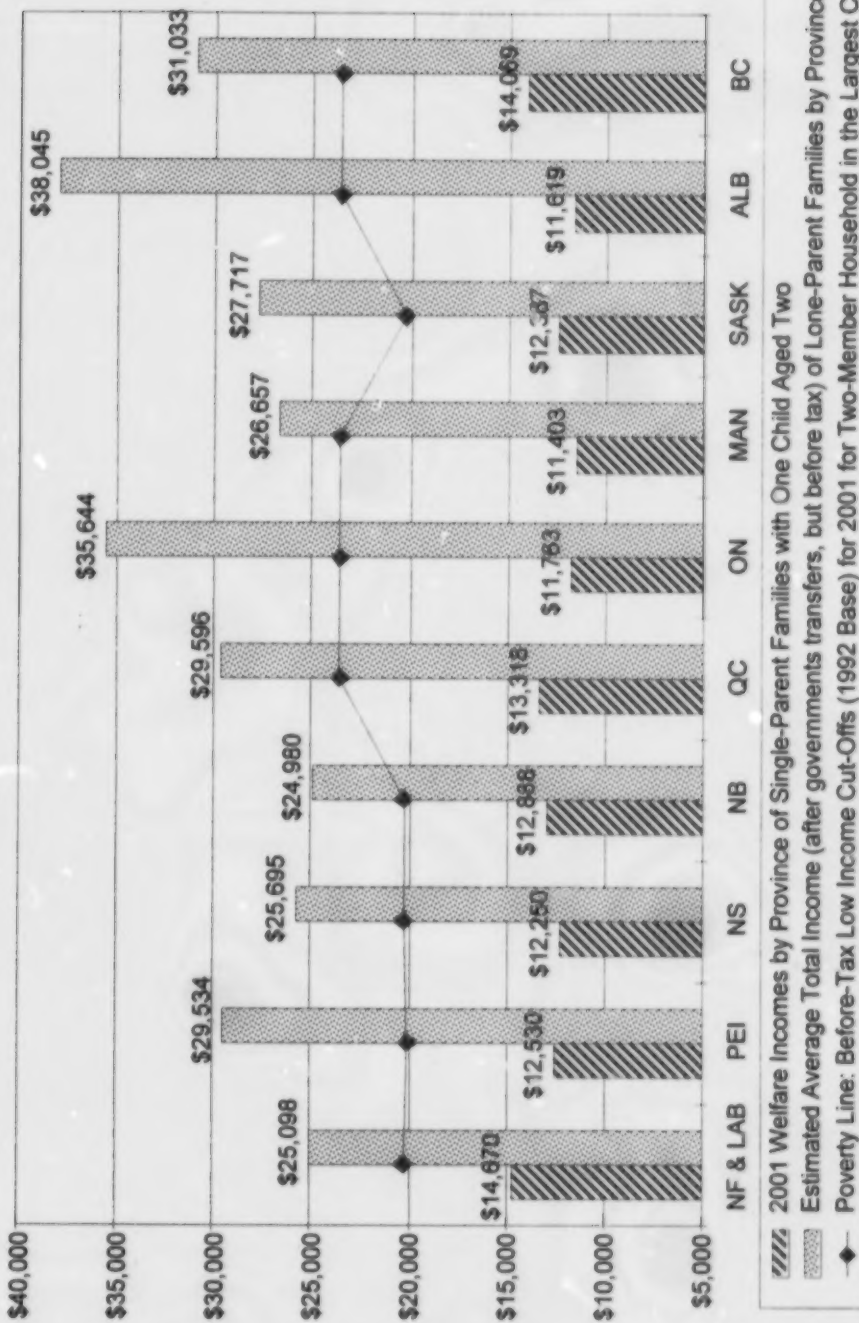


TABLE 4, 2000 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$1,838	\$18,807	10%
Person with a Disability	\$8,824	\$18,807	47%
Single Parent, One Child	\$14,267	\$24,462	58%
Couple, Two Children	\$16,787	\$56,868	30%
PRINCE EDWARD ISLAND			
Single Employable	\$5,800	\$20,284	29%
Person with a Disability	\$8,726	\$20,284	43%
Single Parent, One Child	\$12,244	\$28,786	43%
Couple, Two Children	\$18,924	\$55,063	34%
NOVA SCOTIA			
Single Employable	\$4,576	\$22,367	20%
Person with a Disability	\$8,811	\$22,367	39%
Single Parent, One Child	\$12,698	\$25,043	51%
Couple, Two Children	\$17,160	\$64,405	27%
NEW BRUNSWICK			
Single Employable	\$3,370	\$22,507	15%
Person with a Disability	\$6,902	\$22,507	31%
Single Parent, One Child	\$12,573	\$24,347	52%
Couple, Two Children	\$15,627	\$60,247	26%
QUEBEC			
Single Employable	\$6,282	\$24,390	26%
Person with a Disability	\$9,089	\$24,390	37%
Single Parent, One Child	\$12,950	\$28,846	45%
Couple, Two Children	\$16,285	\$67,190	24%

TABLE 4, 2000 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,825	\$30,916	22%
Person with a Disability	\$11,761	\$30,916	38%
Single Parent, One Child	\$13,758	\$34,740	40%
Couple, Two Children	\$18,214	\$84,279	22%
MANITOBA			
Single Employable	\$5,554	\$25,371	22%
Person with a Disability	\$7,657	\$25,371	30%
Single Parent, One Child	\$10,748	\$25,981	41%
Couple, Two Children	\$17,006	\$64,178	26%
SASKATCHEWAN			
Single Employable	\$5,852	\$24,225	24%
Person with a Disability	\$8,490	\$24,225	35%
Single Parent, One Child	\$12,099	\$27,014	45%
Couple, Two Children	\$17,762	\$65,121	27%
ALBERTA			
Single Employable	\$5,026	\$28,000	18%
Person with a Disability	\$7,587	\$28,000	27%
Single Parent, One Child	\$11,527	\$37,081	31%
Couple, Two Children	\$18,268	\$74,182	25%
BRITISH COLUMBIA			
Single Employable	\$6,383	\$31,303	20%
Person with a Disability	\$9,672	\$31,303	31%
Single Parent, One Child	\$13,823	\$30,246	46%
Couple, Two Children	\$18,051	\$74,950	24%

TABLE 4, 2001 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$3,276	\$19,296	17%
Person with a Disability	\$8,902	\$19,296	46%
Single Parent, One Child	\$14,670	\$25,098	58%
Couple, Two Children	\$17,474	\$58,347	30%
PRINCE EDWARD ISLAND			
Single Employable	\$5,846	\$20,812	28%
Person with a Disability	\$8,772	\$20,812	42%
Single Parent, One Child	\$12,530	\$29,534	42%
Couple, Two Children	\$19,399	\$56,494	34%
NOVA SCOTIA			
Single Employable	\$4,817	\$22,949	21%
Person with a Disability	\$8,312	\$22,949	36%
Single Parent, One Child	\$12,250	\$25,695	48%
Couple, Two Children	\$18,275	\$66,080	28%
NEW BRUNSWICK			
Single Employable	\$3,374	\$23,092	15%
Person with a Disability	\$6,902	\$23,092	30%
Single Parent, One Child	\$12,888	\$24,980	52%
Couple, Two Children	\$16,206	\$61,813	26%
QUEBEC			
Single Employable	\$6,415	\$25,024	26%
Person with a Disability	\$9,314	\$25,024	37%
Single Parent, One Child	\$13,318	\$29,596	45%
Couple, Two Children	\$16,919	\$68,937	25%

TABLE 4, 2001 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,829	\$31,720	22%
Person with a Disability	\$11,763	\$31,720	37%
Single Parent, One Child	\$13,828	\$35,644	39%
Couple, Two Children	\$18,330	\$86,470	21%
MANITOBA			
Single Employable	\$5,558	\$26,031	21%
Person with a Disability	\$7,659	\$26,031	29%
Single Parent, One Child	\$11,403	\$26,657	43%
Couple, Two Children	\$17,585	\$65,847	27%
SASKATCHEWAN			
Single Employable	\$5,978	\$24,855	24%
Person with a Disability	\$8,662	\$24,855	35%
Single Parent, One Child	\$12,367	\$27,717	45%
Couple, Two Children	\$18,210	\$66,814	27%
ALBERTA			
Single Employable	\$5,030	\$28,728	18%
Person with a Disability	\$7,596	\$28,728	26%
Single Parent, One Child	\$11,619	\$38,045	31%
Couple, Two Children	\$18,395	\$76,111	24%
BRITISH COLUMBIA			
Single Employable	\$6,457	\$32,117	20%
Person with a Disability	\$9,782	\$32,117	30%
Single Parent, One Child	\$14,069	\$31,033	45%
Couple, Two Children	\$18,412	\$76,899	24%

PROVINCIAL AND TERRITORIAL BENEFITS

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Tables 5a and 5b summarize the ups and downs of recent years.

The figures consist of those benefits shown in Tables 2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less the CCTB and the GST credit. Comparable figures for other years were calculated from *Welfare in Canada: The Tangled Safety Net* and previous editions of *Welfare Incomes*.

Using the Consumer Price Index, all the dollar figures in Table 5a are expressed in constant 2001 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the four columns of Table 5b, show increases or decreases in real purchasing power.

The tables provide comparisons of provincial and territorial benefits for 1986 to 2001 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2001. The National Council of Welfare first estimated welfare incomes in Northwest Territories in 1993, so the table shows comparisons only since that time. For Nunavut, created in April 1999, our data go back only to that year.

Most welfare recipients in Canada saw further erosion of their already precarious financial situation in 2000 and 2001. Between 1999 and 2000, the cost of living rose by 2.7 percent (compared to just 1.7 percent between 1998 and 1999) and by 2.6 percent between 2000 and 2001. Welfare benefits were frozen or increased slightly in most jurisdictions, so that when the cost of living is taken into account, these increases represented decreases in relation to the previous year with variations fluctuating between 0 and -2.7 percent. From April 2000 to August 2001, Nova Scotia applied interim rates that were lower than those in effect before the start of this period. That, when combined with a cost of living of 2.6 percent in 2001, meant a decline of about 8.2 percent and 9.9 percent for two types of recipients. The change from 1999 to 2000 appears as exactly -2.7 percent; it means that the welfare rates were frozen and welfare recipients lost 2.7 percent of their purchasing power to inflation. In addition, some jurisdictions claw back the increases in the supplement to the CCTB by reducing the provincial or territorial family allowances or benefits by the same amount, and this can unfavourably offset the slight increases given these welfare families.

In Newfoundland and Labrador, except for single employable people, the value of welfare incomes remained close to the previous year owing to slight increases in benefits, which were negatively affected by the cost of living. Only single employable people over age 29 saw a large increase in their benefit in October 2000, although the absolute value of the benefit still remained quite low.

In Prince Edward Island, the welfare incomes of all recipients increased, though very little, from 1999 to 2000, owing to the introduction of a transportation allowance and an allowance to help children participate in cultural and recreational activities. However, the change from 2000 to 2001 was negative because benefits were frozen. From 2000 to 2001, the provincial share of incomes for families with children dropped considerably, by 2.8 percent for the single parent, and by 3.2 percent for the couple with two children, whereas from 1999 to 2000, the drop for the single parent was 0.7 percent. This is because the child allowance for cultural and recreational activities was increased on the one hand, and Prince Edward Island claws back the supplement to the CCTB on the other. While the federal government gives money to poor parents, the province takes it away, but compensates with a special allowance. This results in a drop in the province's contribution to families, though a less significant drop than from 1998 to 1999.

Until August 2001, Nova Scotia also clawed back the supplement to the CCTB. Although the province gives families with children a payment under the Nova Scotia Child Benefit, the amount is much smaller than the amount the province takes from families on welfare. The result is that the provincial contribution to welfare incomes drops by 3.7 percent for the single parent with one child, and by 2.2 percent for the couple with two children. The drops are not as great as between 1998 and 1999, because the benefit for Nova Scotia children was increased in July 2000. From 1999 to May 2000, recipients are no longer eligible for the clothing allowance during their first three months on welfare. The decreases between 2000 and 2001 are considerable for the single person with a disability and the single-parent family, about 8.2 percent and 9.9 percent. This is the result of lower interim basic welfare rates being applied from January to September 2001 than in the year 2001. The change would have been even greater for the single-parent family had the province not decided to stop clawing back the value of the supplement to the CCTB in August 2001. As for the couple with children, the cumulative effect of an increase in provincial benefits, in the order of 102 percent for the second child, and the discontinuation of the clawback of the supplement, largely offset the drops in the interim basic welfare rates in effect from January to September 2001 and the cost of living.

With the extensive reform of the Nova Scotia welfare system in the fall of 2001, the picture could change in future, but it will be a few years before it is possible to assess how the innovative new provisions are actually applied. For example, the transportation allowance has been extended from automatic coverage of \$18 for travel to and from the place of work to now cover, with the provision of supporting documents, all work-related travel as well as travel for health and safety-related needs, to a maximum of \$180 a month. In addition, starting April 1, 2001, the cost of childcare for work-related activities or health and safety-related needs is covered to a maximum of \$400 a month for each family, and the cost of care provided by a family member is now reimbursed.

In New Brunswick, welfare incomes were frozen and dropped by the cost of living, 2.7 percent from 1999 to 2000 and 2.5 percent from 2000 to 2001, since New Brunswick does not claw back the supplement to the CCTB.

In Quebec, there were very slight increases in the payments to single employable recipients and single-parent or two-parent families, which raised their incomes slightly higher than the cost of living. However, until July 2001, Quebec clawed back the supplement to the CCTB from its family allowances. The combined effect of these two mechanisms is to increase the gap in relation to the cost of living, by 5 percent for the single parent and by 4.2 percent for the couple in 2000, and by 2 percent and 2.1 percent respectively in 2001.

Ontario's single employable and single welfare recipients with a disability lost 2.7 percent and 2.5 percent respectively in 2000 and 2001, or the cost of living, because there were no increases in their provincial payments. Between 1999 and 2000, the single parent and couple with children lost 4.2 percent and 5.1 percent respectively, and 4.6 percent and 5.8 percent between 2000 and 2001 because Ontario claws back the supplement to the CCTB. Unfortunately, Ontario holds the record for the largest decrease for couples between 1999 and 2000 and between 2000 and 2001, followed closely by Alberta in the second period, with 5.7 percent.

Manitoba's single employable welfare recipients lost 2.7 percent of the value of their income between 1999 and 2000 and 2.5 percent between 2000 and 2001 because of a freeze in their provincial assistance. Single recipients with a disability received a slight increase in their special benefits at the end of 1999, which reduced the erosion by the cost of living between 1999 and 2000. Until July 2000, Manitoba clawed back the supplement to the CCTB; after that date, the increase in the supplement is exempt from the usual clawback. As of August 1, 2001, the clawback is eliminated for all children under age seven. Consequently, the families with children lost 2.3 percent of the value of provincial assistance for the single parent between 1999 and 2000, but gained 1.4 percent between 2000 and 2001, while the couple with two children⁵ lost 3.9 percent in the first period and 2.5 percent in the second period.

In Saskatchewan, the figures for assistance for utilities increased for everyone in 2000 and 2001 because they are now based on the December rate for the year in question, 2000 and 2001 in this case. For single employable and single welfare recipients with a disability, these increases slowed the erosion owing to the higher cost of living. Because Saskatchewan claws back the supplement to the CCTB, the value of the provincial payments to families with children declined significantly: 4.7 percent between 1999 and 2000 and 3.5 percent between 2000 and 2001 for couples, and 3 percent and 3.1 percent for single parents.

In Alberta, the value of the single employable welfare recipient's income declined by the cost of living. Alberta increased the Personal Needs Supplement for welfare recipients with disabilities in October 1999, so the value of their incomes increased slightly between 1999 and 2000. Because Alberta claws back the supplement to the CCTB, the value of the provincial contribution to the income of the single parent and the couple declined by 3.8 percent and 5 percent between 1999 and 2000, respectively, while between 2000 and 2001,

⁵ We make the assumption that this family has two children, one age ten and the other age 15. It therefore is not entitled to exemption from the clawback of the supplement to the Tax Credit.

the decline was 3.4 percent and 5.7 percent, the second largest decline among the 13 provinces and territories.

In British Columbia, all welfare recipients saw the value of their provincial incomes go up at the end of 1999, but the increase in the cost of living wiped out the benefit of this increase. British Columbia claws back the value of the supplement to the CCTB, so that despite the positive effect of the increase in the basic welfare rate, the single parent and the couple with children saw a decline of 3.3 percent and 4.3 percent respectively between 1999 and 2000, and a decline of 3 percent and 4.1 percent between 2000 and 2001.

TABLE 5A, 2001 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
NEWFOUNDLAND AND LABRADOR														
Single Employable	5,056	4,877	4,851	4,775	5,011	4,949	4,940	4,836	2,752	1,200	1,206	1,204	1,679	3,070
Person with a Disability		9,825	9,727	9,431	9,638	9,507	9,490	9,291	9,141	9,068	9,022	8,938	8,807	8,656
Single Parent, One Child	12,676	12,417	12,400	12,535	13,046	12,884	12,861	12,591	12,388	12,303	12,271	12,122	11,904	11,704
Couple, Two Children	14,663	14,365	14,339	13,874	14,119	13,941	13,916	13,624	13,405	13,439	13,387	13,153	12,813	12,596
PRINCE EDWARD ISLAND														
Single Employable	9,391	9,087	9,049	9,043	9,171	9,102	8,177	6,300	5,770	5,757	5,704	5,603	5,744	5,640
Person with a Disability		10,575	10,473	10,320	10,443	10,351	10,223	9,836	9,065	8,889	8,807	8,651	8,711	8,532
Single Parent, One Child	12,945	12,527	12,631	12,528	12,722	12,643	12,402	11,811	11,266	10,800	10,375	9,778	9,844	9,564
Couple, Two Children	18,969	18,658	18,665	18,768	18,993	18,843	18,481	17,735	16,360	16,409	15,715	14,715	15,005	14,521
NOVA SCOTIA														
Single Employable	6,902	7,697	7,347	6,984	6,878	6,754	6,742	6,601	6,514	4,796	4,751	4,610	4,488	4,611
Person with a Disability		10,132	10,072	9,923	9,786	9,610	9,757	9,579	9,425	9,279	9,193	9,031	8,791	8,067
Single Parent, One Child	11,952	12,315	12,230	12,081	12,079	11,861	12,029	11,806	11,616	11,436	11,140	10,700	10,304	9,284
Couple, Two Children	14,387	15,666	14,976	14,470	14,483	14,268	14,243	13,944	14,962	15,153	14,696	13,486	13,195	13,474
NEW BRUNSWICK														
Single Employable	3,402	3,681	3,627	3,549	3,551	3,501	3,522	3,461	3,445	3,431	3,399	3,339	3,250	3,168
Person with a Disability		9,645	9,497	9,218	9,227	9,166	7,190	7,164	7,131	7,216	7,185	7,058	6,870	6,696
Single Parent, One Child	10,217	9,980	9,827	9,606	9,674	9,701	10,100	10,594	10,530	10,657	10,648	10,460	10,180	9,922
Couple, Two Children	11,053	10,797	10,617	10,515	10,855	10,882	11,278	11,860	11,782	12,091	12,159	11,944	11,622	11,328

TABLE 5A, 2001 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
QUEBEC														
Single Employable	3,581	4,601	6,531	6,781	6,983	7,001	6,852	6,708	6,600	6,401	6,309	6,349	6,238	6,209
Person with a Disability		8,272	8,583	8,825	9,094	9,088	9,236	9,042	9,095	9,084	9,168	9,182	9,074	9,065
Single Parent, One Child	12,049	11,179	11,915	10,901	12,376	12,886	13,165	12,888	12,681	12,012	11,613	11,110	10,558	10,351
Couple, Two Children	15,573	14,599	14,290	14,706	15,203	15,650	15,444	15,120	14,876	14,116	13,617	12,840	12,298	12,041
ONTARIO														
Single Employable	7,652	8,228	8,987	9,220	9,537	9,502	9,508	8,829	7,242	7,173	7,107	6,981	6,795	6,623
Person with a Disability		11,880	12,677	12,954	13,167	13,087	13,094	12,819	12,613	12,418	12,303	12,085	11,764	11,466
Single Parent, One Child	13,706	14,767	16,553	16,956	17,262	17,230	17,242	15,994	13,134	12,955	12,508	11,879	11,381	10,861
Couple, Two Children	17,060	18,635	21,719	22,119	22,596	22,531	22,340	20,595	16,971	16,741	16,036	15,041	14,277	13,452
MANITOBAⁱ														
Single Employable	7,593	7,879	7,984	7,886	8,045	7,912	7,365	7,220	6,677	5,796	5,743	5,641	5,491	5,352
Person with a Disability		8,567	8,458	8,316	10,224	9,205	9,133	8,940	8,797	7,925	7,852	7,797	7,631	7,438
Single Parent, One Child	11,370	11,498	11,362	11,170	12,370	11,093	11,004	10,773	10,600	9,505	9,093	8,518	8,323	8,436
Couple, Two Children	17,773	18,661	20,083	20,086	20,668	18,838	19,167	18,753	16,800	15,413	14,541	13,562	13,037	12,707
SASKATCHEWAN														
Single Employable	6,356	6,362	6,220	6,033	6,262	6,589	6,578	6,440	6,336	5,709	5,674	5,839	5,797	5,772
Person with a Disability		10,367	10,042	9,653	9,565	9,472	9,456	9,257	9,372	8,379	8,380	8,601	8,473	8,424
Single Parent, One Child	13,042	12,994	12,627	12,153	12,012	11,876	11,855	11,606	11,419	11,243	9,966	9,995	9,700	9,401
Couple, Two Children	18,295	18,030	17,511	16,829	17,106	16,866	16,902	16,550	16,283	15,097	14,526	14,495	13,813	13,332

TABLE 5A, 2001 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS														
	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
NUNAVUT														
Single Employable												10,738	10,453	10,188
Person with a Disability												12,952	12,607	12,288
Single Parent, One Child												27,099	26,189	25,290
Couple, Two Children												32,048	30,818	29,567

ⁱ Some numbers for the Person With a Disability and the Single Parent for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by Manitoban officials.

ⁱⁱ Some numbers for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by officials from Northwest Territories.

TABLE 5B, CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	% CHANGE 1986-2001	% CHANGE 1991-2001	% CHANGE 1999-2000	% CHANGE 2000-2001
NEWFOUNDLAND AND LABRADOR				
Single Employable	-39.3	-35.7	39.5	82.9
Person with a Disability		-8.2	-1.5	-1.7
Single Parent, One Child	-7.7	-6.6	-1.8	-1.7
Couple, Two Children	-14.1	-9.2	-2.6	-1.7
PRINCE EDWARD ISLAND				
Single Employable	-39.9	-37.6	2.5	-1.8
Person with a Disability		-17.3	0.7	-2.1
Single Parent, One Child	-26.1	-23.7	0.7	-2.8
Couple, Two Children	-23.5	-22.6	2.0	-3.2
NOVA SCOTIA				
Single Employable	-33.2	-34.0	-2.7	2.7
Person with a Disability		-18.7	-2.7	-8.2
Single Parent, One Child	-22.3	-23.2	-3.7	-9.9
Couple, Two Children	-6.3	-6.9	-2.2	2.1
NEW BRUNSWICK				
Single Employable	-6.9	-10.7	-2.7	-2.5
Person with a Disability		-27.4	-2.7	-2.5
Single Parent, One Child	-2.9	3.3	-2.7	-2.5
Couple, Two Children	2.5	7.7	-2.7	-2.5
QUEBEC				
Single Employable	73.4	-8.4	-1.8	-0.5
Person with a Disability		2.7	-1.2	-0.1
Single Parent, One Child	-14.1	-5.0	-5.0	-2.0
Couple, Two Children	-22.7	-18.1	-4.2	-2.1
ONTARIO				
Single Employable	-13.5	-28.2	-2.7	-2.5
Person with a Disability		-11.5	-2.7	-2.5
Single Parent, One Child	-20.8	-35.9	-4.2	-4.6
Couple, Two Children	-21.1	-39.2	-5.1	-5.8

TABLE 5B, CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	% CHANGE 1986-2001	% CHANGE 1991-2001	% CHANGE 1999-2000	% CHANGE 2000-2001
MANITOBA ⁱ				
Single Employable	-26.8	-29.5	-2.7	-2.5
Person with a Disability		-10.6	-2.1	-2.5
Single Parent, One Child	-28.1	-24.5	-2.3	1.4
Couple, Two Children	-28.5	-36.7	-3.9	-2.5
SASKATCHEWAN				
Single Employable	-9.2	-4.3	-0.7	-0.4
Person with a Disability		-12.7	-1.5	-0.6
Single Parent, One Child	-27.9	-22.6	-3.0	-3.1
Couple, Two Children	-27.1	-20.8	-4.7	-3.5
ALBERTA				
Single Employable	-46.7	-26.0	-2.7	-2.5
Person with a Disability		-5.5	4.8	-2.5
Single Parent, One Child	-34.0	-25.9	-3.8	-5.0
Couple, Two Children	-31.8	-26.5	-3.4	-5.7
BRITISH COLUMBIA				
Single Employable	-3.2	-12.4	-1.9	-1.4
Person with a Disability		-3.7	-1.9	-1.4
Single Parent, One Child	-4.6	-12.5	-3.3	-3.0
Couple, Two Children	-14.8	-14.0	-4.3	-4.1
YUKON				
Single Employable	56.9	30.6	-2.7	7.3
Person with a Disability		32.5	-2.7	6.1
Single Parent, One Child	19.3	7.6	-3.8	2.9
Couple, Two Children	7.9	-0.3	-4.3	0.2
NORTHWEST TERRITORIES ⁱⁱ				
Single Employable			-2.7	0.1
Person with a Disability			-2.7	1.6
Single Parent, One Child			-3.7	-3.1
Couple, Two Children			-4.2	-4.1

TABLE 5B, CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	% CHANGE 1986-2001	% CHANGE 1991-2001	% CHANGE 1999-2000	% CHANGE 2000-2001
NUNAVUT				
Single Employable			-2.7	-2.5
Person with a Disability			-2.7	-2.5
Single Parent, One Child			-3.4	-3.4
Couple, Two Children			-3.8	-4.1

ⁱ Some numbers for the person with a disability and the single parent for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by Manitoban officials.

ⁱⁱ Some numbers for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by officials from Northwest Territories.

The incomes of single employable and single welfare recipients with a disability in Yukon were frozen between 1999 and 2000. The two families with children saw a decrease in the value of Yukon's contribution to their incomes because Yukon claws back the supplement to the CCTB. It was a different scenario between 2000 and 2001, as all recipients saw their incomes increase, owing to an increase in assistance for utilities. However, the increase for both families was slight, 2.9 percent and 0.2 percent for the single parent and the couple respectively, owing to the clawback of the supplement to the CCTB.

In Northwest Territories, as in Yukon, single employable persons and single persons with a disability saw their income frozen between 1999 and 2000 and go up slightly between 2000 and 2001, owing to an increase in the assistance for food and shelter in September 2001. Northwest Territories claws back the supplement to the CCTB and gave families no increase in the assistance for shelter in 2001, or in its own child benefits. Consequently, welfare incomes in the Territories declined 3.7 percent and 4.2 percent for single parents and couples between 1999 and 2000, and 3.1 percent and 4.1 percent respectively between 2000 and 2001.

In Nunavut, income for single employable recipients and single recipients with a disability stagnated between 1999 and 2001. Also, Nunavut, like Northwest Territories, claws back the supplement to the CCTB, which negatively affects the income of the single parent and the couple over the two periods.

The view of welfare incomes over the last decade is bleak. The purchasing power of welfare incomes fell everywhere in Canada for most of the 1990s, and the trend continued into the first decade of the new millennium, except in Prince Edward Island, where it temporarily paused in 2000, resuming early in 2001, and in Yukon in 2001, the only jurisdiction to see provincial/territorial incomes increase for all family types in 2001.

Many of the welfare rates shown in Tables 5a and 5b peaked in 1986 or 1989 and fell more or less steadily since then. In Alberta, for example, provincial benefits for single employable recipients as measured in 2001 constant dollars plummeted from \$9,045 a year in 1986 to \$4,824 in 2001, a drop of 46.7 percent.

The patterns were substantially different in Quebec, Ontario, Manitoba and British Columbia. In these provinces, welfare rates peaked in the early to mid-1990s. The end result was the same, however, as welfare rates declined further and further by the end of the decade.

One of the more disastrous changes in provincial and territorial contributions to welfare incomes is the effect of the CCTB on the incomes of those families with children that are forced to depend on welfare. When the federal government introduced the CCTB in 1998, it allowed provincial and territorial governments to claw back the supplement by reducing the welfare benefits of families by the value of the supplement. Five provinces opted to not exercise this option: Newfoundland and Labrador, and New Brunswick have been paying the increases to families since July 1998, and three provinces have recently changed their approach to the CCTB: since August 2001, Nova Scotia no longer claws back the supplement from any family; since July 2000, Manitoba claws back less than the value of the supplement, and since July 2001, claws back no supplement for children under age seven; and Quebec, since July 2001, claws back no supplement from all family allowance recipients.

The charts at the end of this section show the effect of the clawback on the total welfare income of a single-parent family with one child and on a couple with two children. We have calculated welfare incomes over time by adjusting the amounts to the cost of living as we did in Tables 5a and 5b. All the annual welfare incomes are expressed in 2001 dollars. We have separated the portion of income for welfare recipients that is paid by the province or territory from the portion that is paid by the federal government. Each chart has a white bar that shows the contribution of the provincial or territorial government in Tables 5a and 5b.

The black bar shows the federal government contribution to the incomes of these families on welfare. This amount includes the GST, the CCTB and its supplement. The federal portion of welfare incomes has grown every year because of increases in the federal government's support to low income families. As of July 1, 1998, the single-parent family with one child received a supplement of \$605 a year (or \$50.42 a month) and the couple with two children received \$1,010 a year (or \$84.17 a month). As of July 1, 1999, the supplement for the single-parent family increased to \$785 a year (\$65.42 a month) and for the couple with two children, \$1,370 a year (\$114.17 a month). One year later, on July 1, 2000, the federal government again increased the supplement, this time to \$977 a year (\$81.42 a month) for the single-parent family, and to \$1,748 a year (\$145.67 a month) for the couple. Finally, on July 1, 2001, the federal government increased the supplement to \$1,255 a year (\$104.58 a month) for the single-parent family, and to \$2,310 a year (\$192.50 a month) for the couple with two children.

Together, the white and the black bars show the total welfare income for the single-parent family with one child and for the couple with two children for the period since the National Council of Welfare began calculating welfare incomes in 1986. What these graphs show is that in those provinces and territories where the governments have clawed back the supplement to the CCTB, the federal government is providing a larger and larger share of the welfare incomes, but the total welfare incomes of families with children have not improved. With only a few exceptions—namely, the single-parent family in Manitoba in 2001, the couple in Nova Scotia in 2001, both family types in Yukon in 2001 and the couple in Prince Edward Island in 2000—the white bars that show the share of welfare incomes that is paid by the provinces and the territories become smaller as the years go on.

In Newfoundland and Labrador, the total 2001 annual welfare income of a single-parent family with one child was \$14,670. This was made up of a contribution of \$11,704 from the province and \$2,966 from the federal government. This is a very slight increase over the total 2000 income of \$14,638, and is almost identical to the total 1999 income, \$14,676, but still below the 1992 peak of \$15,023. In 1992, the federal government contributed only \$1,977. Even with the increase in the federal government's contribution, various cutbacks and freezes in the provincial contribution throughout the 1990s have brought the total welfare income down from the 1992 rate. The increasing federal government contribution has brought the total welfare income up slightly, despite the fact that the province is contributing less to the welfare income than it has since the National Council of Welfare began to track welfare incomes.

The couple with two children had a total annual income of \$17,474, compared to \$17,224 in 2000 and \$17,198 in 1999. Almost all the increase in the welfare income is because of the

increase in the federal government's supplement to the CCTB. The Newfoundland and Labrador Child and Family Benefit began in August 1999, and as it has not been increased since that date, is worth only \$17 a month for a family with one child and \$43 a month for a family with two children. The 2001 total welfare income of \$17,474 is slightly lower than the 1986 total welfare income of \$17,835, but in 1986, the federal government contributed only \$1,586, while in 2001, it contributed \$2,966. In the case of the single-parent family, the contribution of Newfoundland and Labrador to this family's welfare income is less now than ever before, while the federal government's contribution is more than it has ever been.

New Brunswick is the only other province besides Newfoundland and Labrador that did not take back the money the federal government gave families on welfare in 2000. In the summer of 2001, three more provinces joined them. The Newfoundland and Labrador Child Tax Benefit, unchanged since October 1997, has provided an extra \$21 a month for each child. As these two measures and the higher cost of living in 2000 and 2001 compared to 1999 had opposing effects on total income, a single-parent family with one child saw modest declines in its total welfare income since 1999, from \$12,984 in 1999 to \$12,900 in 2000, and to \$12,888 in 2001. The couple saw its income rise from \$15,989 in 1999 to \$16,033 in 2000 and \$16,206 in 2001, the increase in federal amounts having reversed the decline of the last three years in provincial benefits. In constant 2001 dollars, New Brunswick's contribution to the income of the single-parent family went from \$10,460 in 1999 to \$9,922 in 2001, and its contribution to couples went from \$11,944 in 1999 to \$11,328 in 2001.

Unlike the province of Newfoundland and Labrador, and the province of New Brunswick, which chose not to claw back the supplement to the CCTB, Prince Edward Island reduced its welfare payments by the amount the federal government gave to parents on welfare. In 2000, however, the province introduced two allowances (a local transportation allowance and a child allowance for cultural and recreational activities) and doubled an existing allowance for school-age children, which mitigated the effect of the clawback of the supplement and increased the income of both family types, from \$12,300 in 1999 to \$12,562 in 2000 for single-parent families, and from \$18,760 in 1999 to \$19,416 in 2000 for couples. The situation changed, however, in 2001, and the cost of living combined with a continuation of the clawback of the supplement with no further measure or increase in existing benefits caused total welfare incomes to decline. As a result, the total welfare income of both a single-parent family with one child and a couple with two children in PEI declined even as the federal government pumped billions of dollars into a system intended for poor families. Their incomes were \$12,562 in 2000 and \$12,530 in 2001, and \$19,416 in 2000 and \$19,399 in 2001 respectively. For both families, this is a drop in total welfare incomes from a peak in the early 1990s.

Nova Scotia carried out a reform of its system in 2001, but we will be better able to assess its impact in our report next year. Until August 2001, Nova Scotia clawed back the supplement to the CCTB and seven months of a negative effect of this mechanism had a significant impact on the five months in which it had a positive effect. Although Nova Scotia used that money to provide a provincial child benefit, it did not give families enough money to keep pace with the cost of living, either in 2000 or early in 2001, while for couples, it

meant a very slight increase in total income between 1999 and 2000 and a slight increase between 2000 and 2001. Although the federal contribution for the single-parent family increased from \$2,725 in 2000 to \$2,967 in 2001, the provincial contribution declined from \$10,304 to \$9,284 between 2000 and 2001. For the couple, the contributions of both levels of government increased in 2001. Total income for both families is expected to increase significantly in 2002.

The chart illustrates the continual decline of welfare incomes between 1994 and 2000 for both family types in Quebec, despite significant restructuring of the province's family benefits, mainly because the province reduced its family allowances until July 2000 by the same amount as the increase in the supplement to the CCTB. Thus, total income in 2000, which went from \$13,657 in 1999 to \$13,287 in 2000, are at their lowest levels since 1991 for the single-parent family, and their lowest levels since 1989 for the couple, dropping from \$16,885 in 1999 to \$16,709 in 2000. Meanwhile, the federal contribution to family income rose. As of July 2000, Quebec reduced its allowances by less than the increase in the supplement, and after July 2001, it made no further downward adjustments to its allowances. In 2001, the Quebec contribution to total income was less than in 2000, \$10,351 compared to \$10,558 for the single-parent family, and \$12,041 compared to \$12,298 for the couple, but this trend will probably be reversed starting in the year 2002.

The Ontario charts show the dramatic impact of the provincial government's decision to cut welfare incomes by 21.6% in October 1995. Although the federal portion of welfare incomes began to grow when the federal government introduced the CCTB, the impact of the provincial government's draconian welfare cuts overshadows any increases in federal help. Ontario's decision to claw back the supplement to the CCTB ensures that welfare families do not enjoy any improvement in benefits. Since there was no change in Ontario's welfare benefits in 1999, 2000 or 2001, the total income of Ontario welfare families was reduced by the cost of living. Thus, from 2000 to 2001, the total income of single-parent families went from \$14,115 to \$13,828, and couples with two children saw their income decline from \$18,687 to \$18,330. Again, the black part of each bar is larger each year, showing how the federal government's portion of welfare incomes has grown.

The Manitoba charts show how welfare incomes for both family types have declined through the 1990s. The single-parent family's income reached a peak of \$14,304 in 1992, and the income of the couple with two children reached \$23,714 that year. Income for the couple with two children has declined steadily since then, though the federal government's contribution to the welfare income is now higher than ever, while the income for the single-parent family declined until 1999, then began to rise in 2000 and 2001. Total income for that family went from \$17,607 in 1999 to \$17,448 in 2000 and finally to \$17,396 in 2001. The trend began to change in 2000, because of Manitoba's decision to treat the supplement to the CCTB differently. Up to July 2000, the province clawed back the entire supplement, but starting July 1, 2000, it clawed back the unincreased value of the supplement. (For example, the supplement increased from \$65.42 to \$81.42 in July 2000, but Manitoba continued to claw back just \$65.42.) Finally, starting August 1, 2001, Manitoba stopped clawing back the supplement for children under age seven, but continued the partial clawback for children age

seven and older. In conclusion, while the federal contribution for couples increased considerably between 1999 and 2001, the provincial contribution declined because of the effect of the cost of living combined with the continued clawback of a significant portion of the supplement. Total income went from \$17,607 in 1999 to \$17,448 in 2000 and to \$17,396 by 2001.

Saskatchewan claws back the supplement to the CCTB by reducing the Saskatchewan Child Benefit by the value of the supplement to the CCTB. The clawback, combined with the erosion of inflation, has brought the value of welfare income down slightly in 2000 and again in 2001. Total income of the single-parent family was \$12,518 in 1999, \$12,414 in 2000, and finally \$12,367 in 2001. Total income for the couple with children followed the same downward trend, going from \$18,540 in 1999 to \$18,224 in 2000 and to \$18,210 in 2001. For both family types in Saskatchewan, welfare incomes have dropped significantly since 1986 when the National Council of Welfare first began to track welfare incomes. In 1986, single-parent families received \$14,628 and two-parent families received \$21,467. This significant decline in total welfare incomes has occurred despite the fact that the federal government has never given so much money directly to families on welfare.

The charts show how welfare incomes in Alberta have decreased since 1986. At that time, the single-parent family received \$14,711 and the couple with two children received \$23,001. A series of welfare reforms in Alberta caused the total incomes of these families to decline throughout the 1990s until they began to rise in 1998, to then decline again until 2001. Alberta claws back the supplement to the CCTB, and has not changed its welfare benefits since 1999, resulting in a steady decline in its contribution to the income of single-parent families and couples with children, represented by the white bars in the chart. The increase in the black bars shows how the federal government's share has grown, but this growth does not fully offset the province's clawbacks. Thus, the single parent received a total of \$11,990 in 1999, \$11,827 in 2000 and \$11,619 in 2001; the couple received a total income of \$18,887 in 1999, \$18,743 in 2000 and \$18,395 in 2001. Following the results of the review of programs and supports coordinated by the Alberta ministry of Human Resources and Employment in 2001, the minister should recommend changes to the ministry's programs in 2002. The National Council on Welfare will monitor closely any new measures and hopes that the provincial contribution will be increased in the interests of the well-being of welfare families.

Total welfare incomes for families with children in British Columbia have dropped steadily since 1994. This occurred both because of various small cuts and freezes in the welfare system prior to 2000 and 2001 and because of the clawback of the supplement to the CCTB. In 2000, a slight increase in benefits could not reverse the downward trend of the provincial contribution to the total income of welfare recipients. Although the province created its own provincial child benefits package, the new BC Family Benefits have never been high enough to make up for its other welfare policy decisions. While a single-parent family had a welfare income of \$15,601 in 1994, the income dropped to \$14,646 in 1998 and to \$14,069 by 2001. The couple with two children had a welfare income of \$20,392 in 1994, but that income had eroded to only \$19,106 by 1999 and eroded further in 2000 to \$18,412 by 2001.

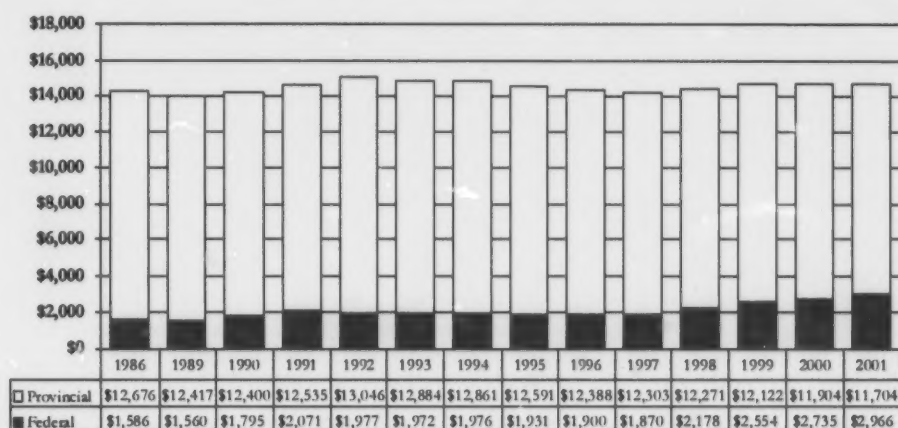
Yukon also claws back the supplement to the CCTB. The charts show that total welfare incomes jumped between 1996 and 1997, but this was due to a change in the way Yukon reported the cost of utilities, not an actual increase in welfare payments. Since then, except in 2001, the cost of living has eroded the value of the overall welfare income, while the clawback to the CCTB has increased the proportion of welfare income that is in fact paid by the federal government, not the Territory. In 2001, a significant increase in assistance for utilities increased the contribution of Yukon to total income for both family types. The single-parent family had a welfare income of \$19,530 in 1998 and only \$18,728 in 2000, but \$19,416 in 2001. The couple with two children received \$28,287 in 1998, which dropped to \$27,143 in 2000 and finally settled at \$27,664 in 2001.

Northwest Territories claws back the supplement to the CCTB, and the Territory made no increases in welfare payments in 2000, but did in 2001. Consequently, first of all, the value of total welfare incomes for single-parent families and for the couple with children fell by the cost of living between 1999 and 2000. Secondly, the welfare income for both family types fell at a slower rate than the cost of living, from \$21,139 in 2000 to \$20,790 in 2001 for the single-parent family, and from \$28,423 in 2000 to \$27,899 in 2001 for couples with children. Finally, the Territory's contribution has continually declined for three years, from \$19,099 in 1999 to \$17,824 in 2001, while the federal contribution has continually increased.

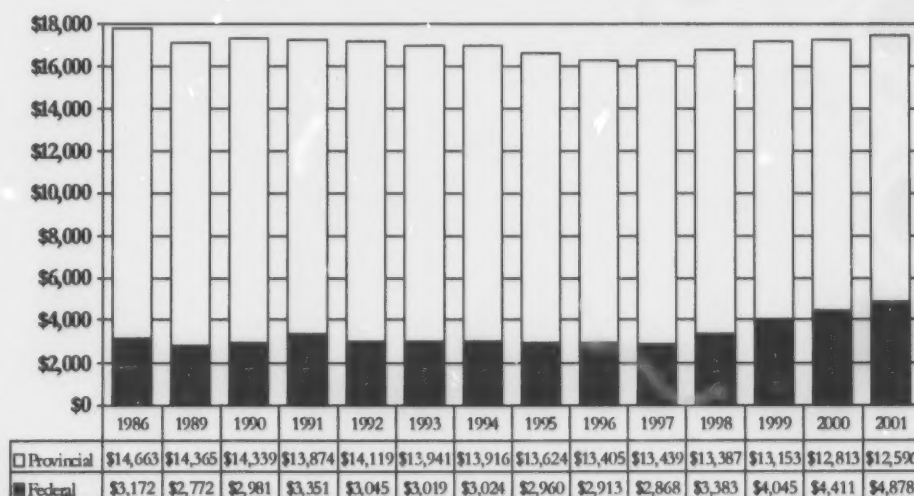
Like Northwest Territories, Nunavut claws back the supplement to the CCTB, but unlike the Territories, Nunavut did not increase its welfare contribution in either 2000 or 2001. Both these factors, together with a cost of living increase of 2.7 percent in 2000 and 2.6 percent in 2001, meant that the standard of living of these families declined in 2000, and again in 2001 for the two-parent family. The contribution of Nunavut to the income of these recipients has steadily declined, from \$32,048 in 1999 to \$29,567 in 2001, while the federal contribution has steadily increased, from \$4,045 in 1999 to \$4,878 in 2001.

FIGURE 2, WELFARE INCOMES, FAMILIES WITH CHILDREN

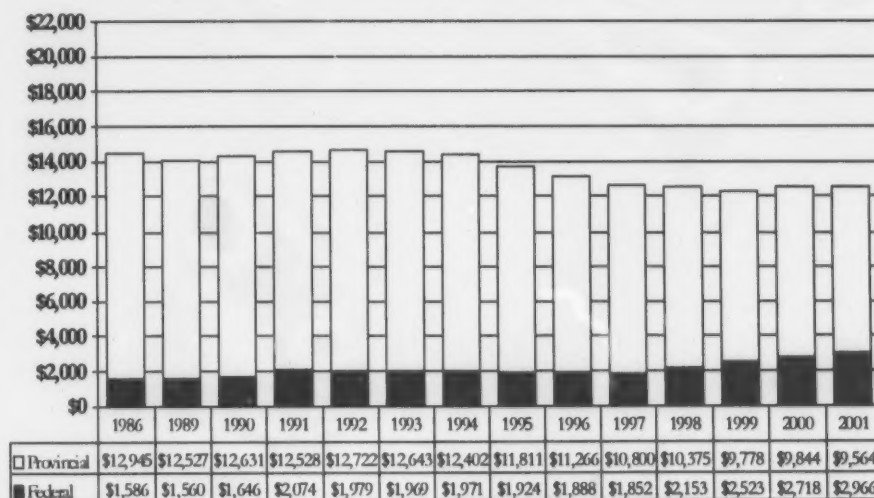
Newfoundland & Labrador Welfare Income, Single Parent, One Child (2001 Dollars)



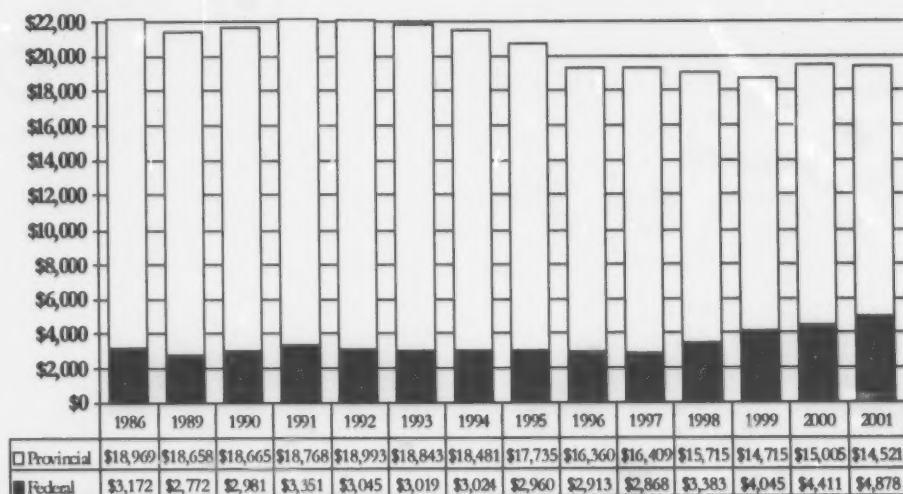
Newfoundland & Labrador Welfare Income, Couple, Two Children (2001 Dollars)



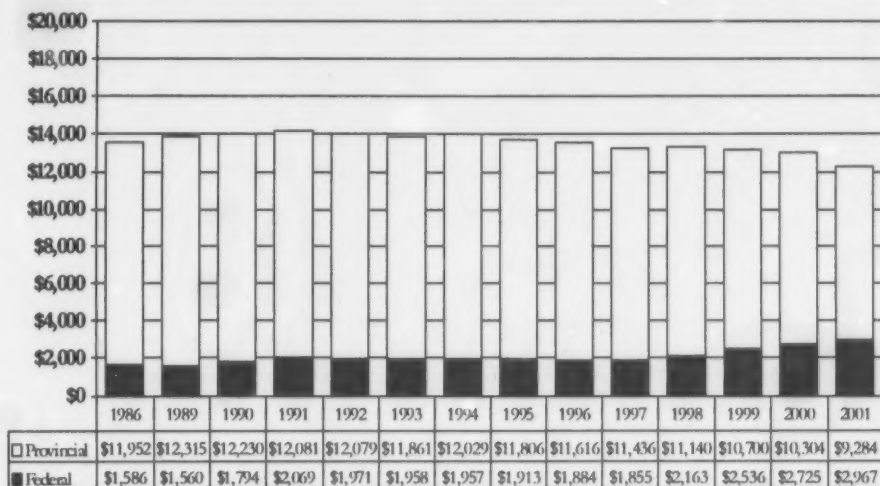
PEI Welfare Income, Single Parent, One Child (2001 Dollars)



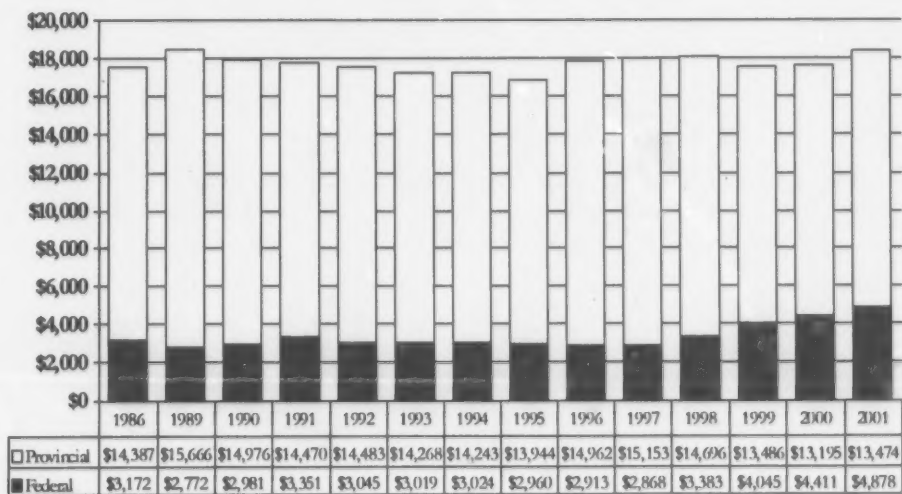
PEI Welfare Income, Couple, Two Children (2001 Dollars)



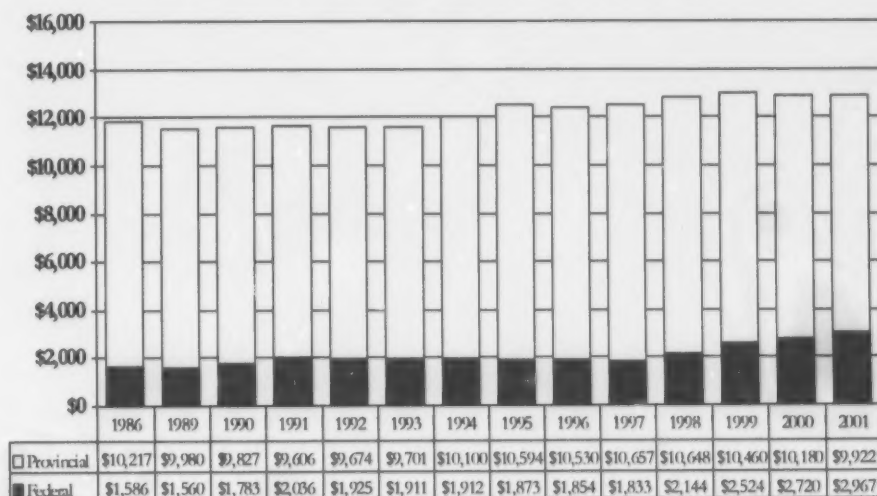
Nova Scotia Welfare Income, Single Parent, One Child (2001 Dollars)



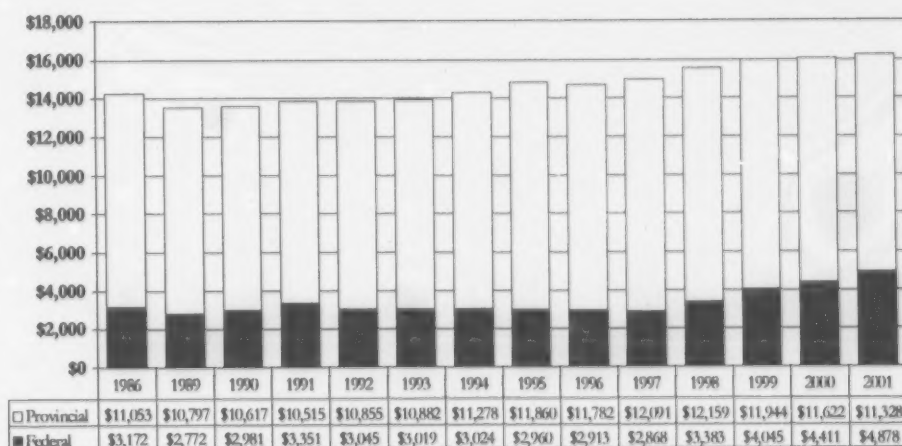
Nova Scotia Welfare Income, Couple, Two Children (2001 Dollars)



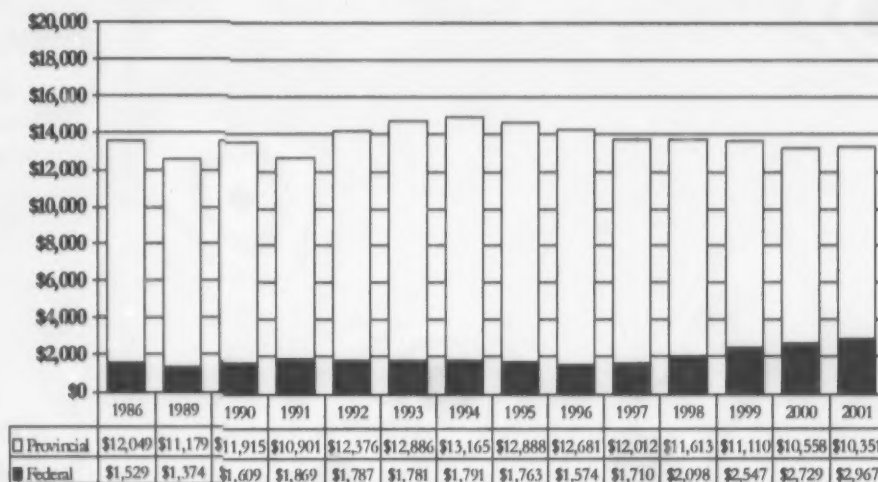
New Brunswick Welfare Income, Single Parent, One Child (2001 Dollars)



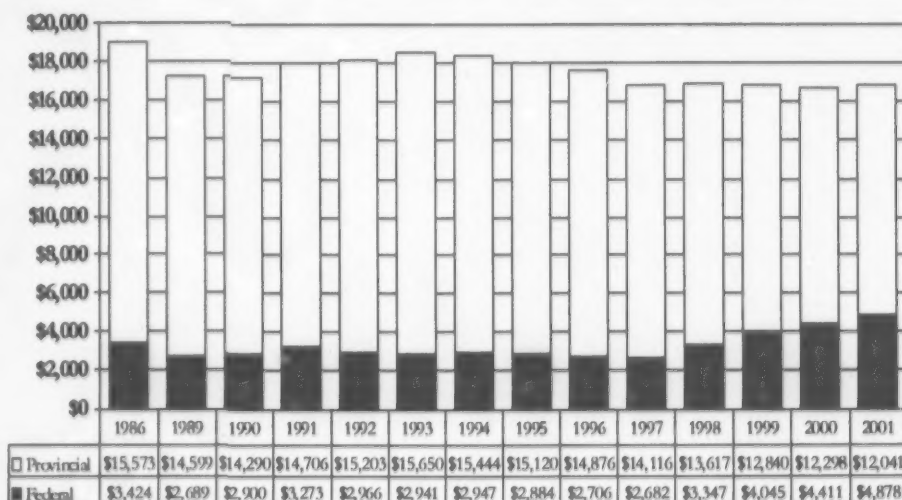
New Brunswick Welfare Income, Couple, Two Children (2001 Dollars)



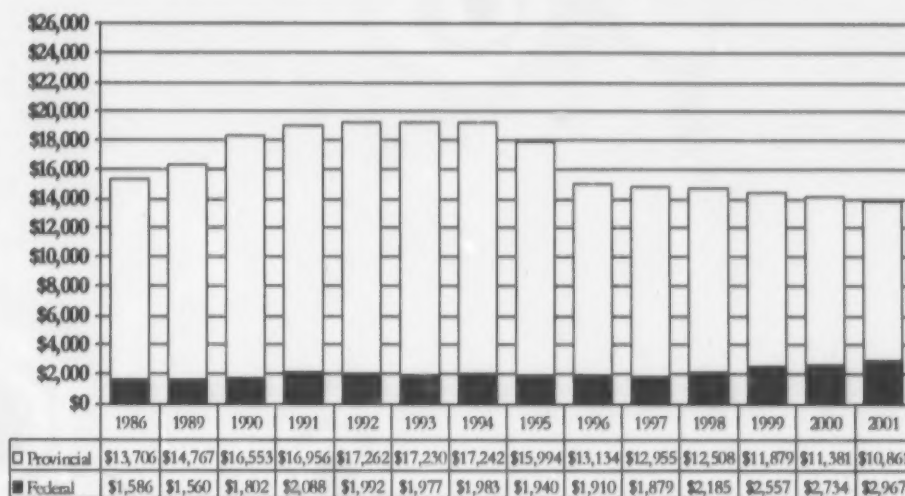
Quebec Welfare Income, Single Parent, One Child (2001 Dollars)



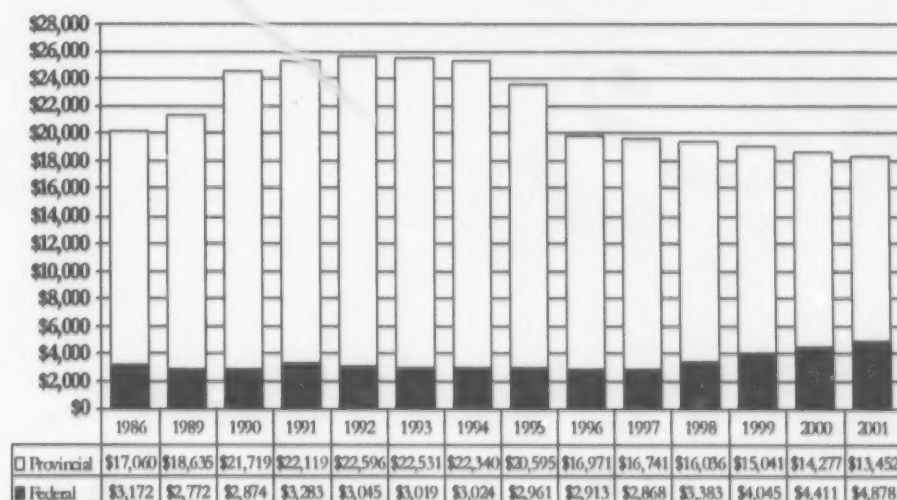
Quebec Welfare Income, Couple, Two Children (2001 Dollars)



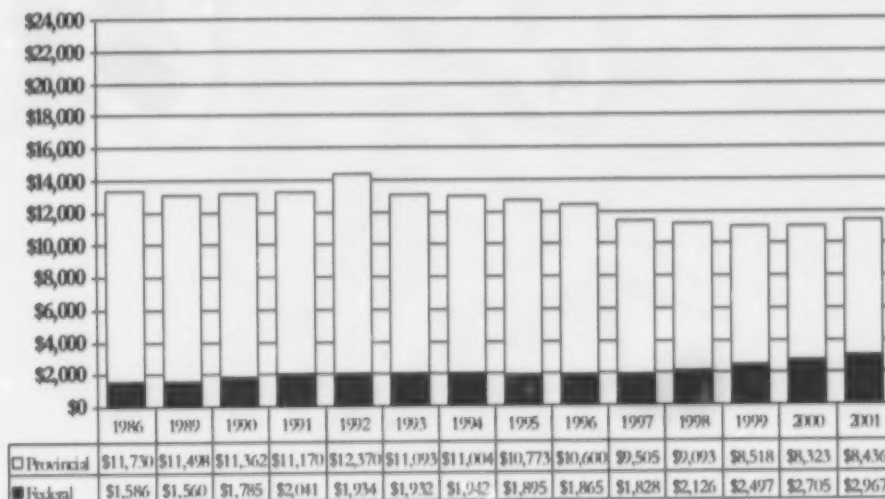
Ontario Welfare Income, Single Parent, One Child (2001 Dollars)



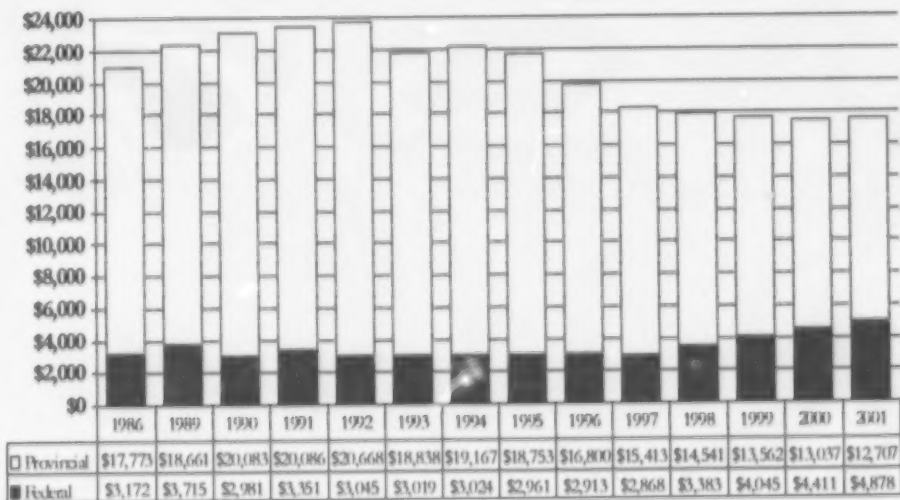
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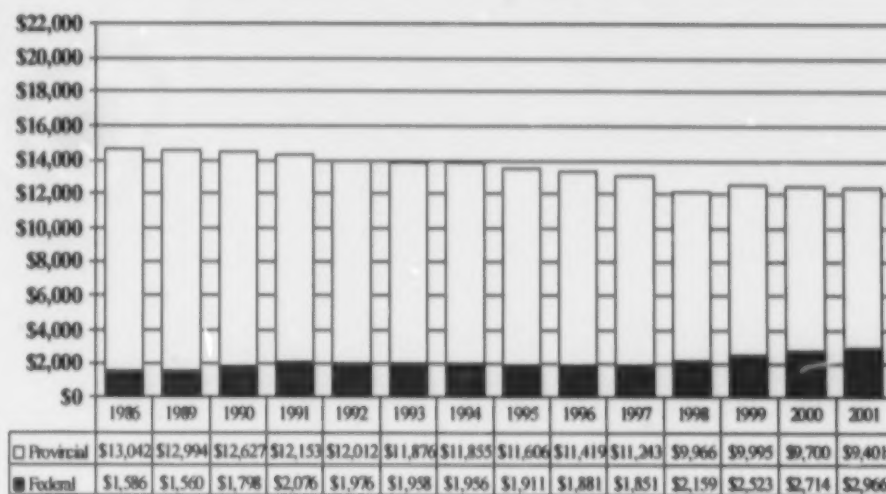
Manitoba Welfare Income, Single Parent, One Child (2001 Dollars)



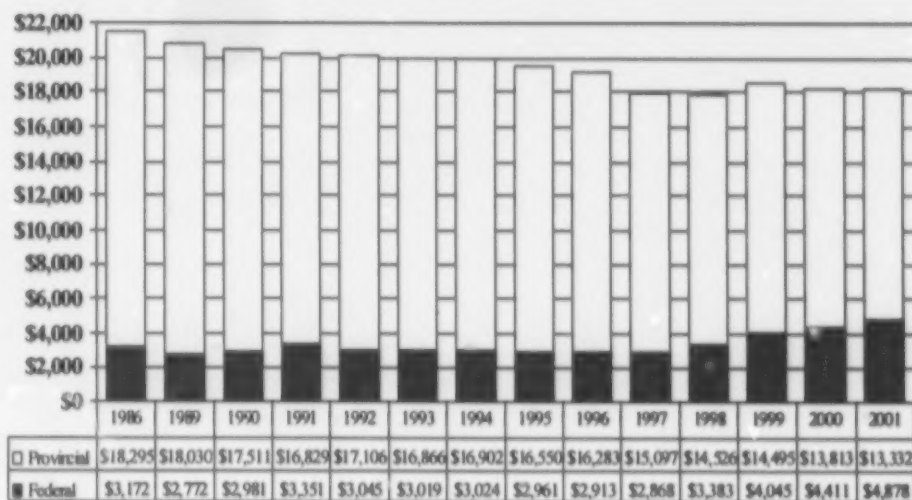
Manitoba Welfare Income, Couple, Two Children (2001 Dollars)



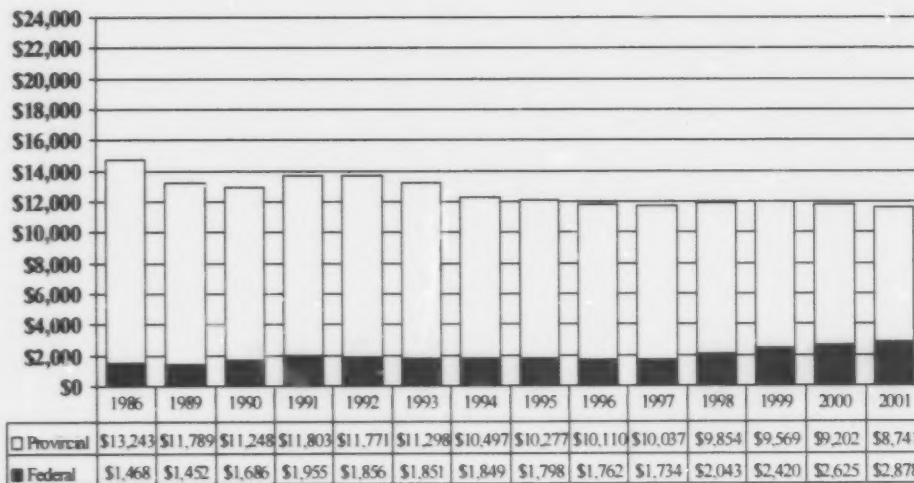
Saskatchewan Welfare Income, Single Parent, One Child (2001 Dollars)



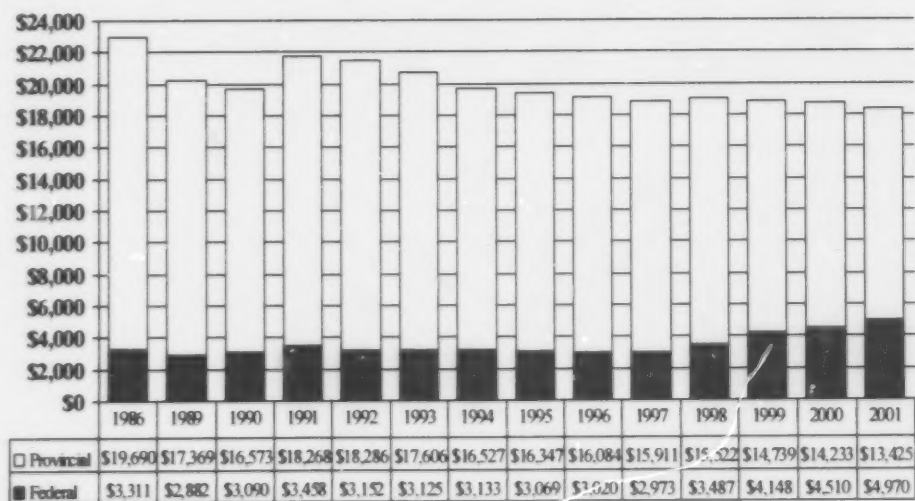
Saskatchewan Welfare Income, Couple, Two Children (2001 Dollars)



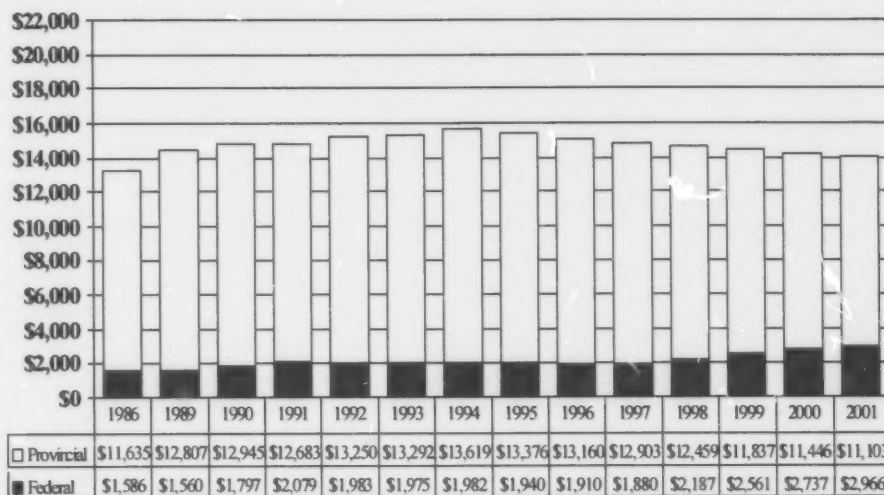
Alberta Welfare Income, Single Parent, One Child (2001 Dollars)



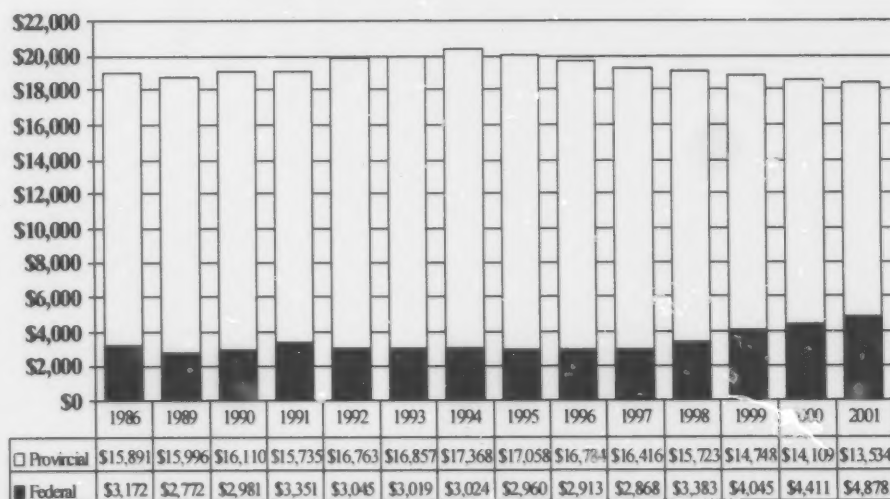
Alberta Welfare Income, Couple, Two Children (2001 Dollars)



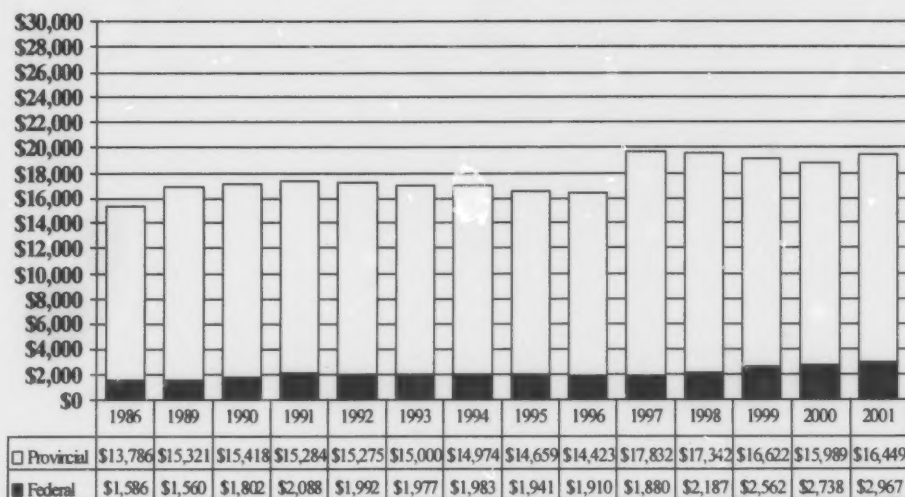
BC Welfare Income, Single Parent, One Child (2001 Dollars)



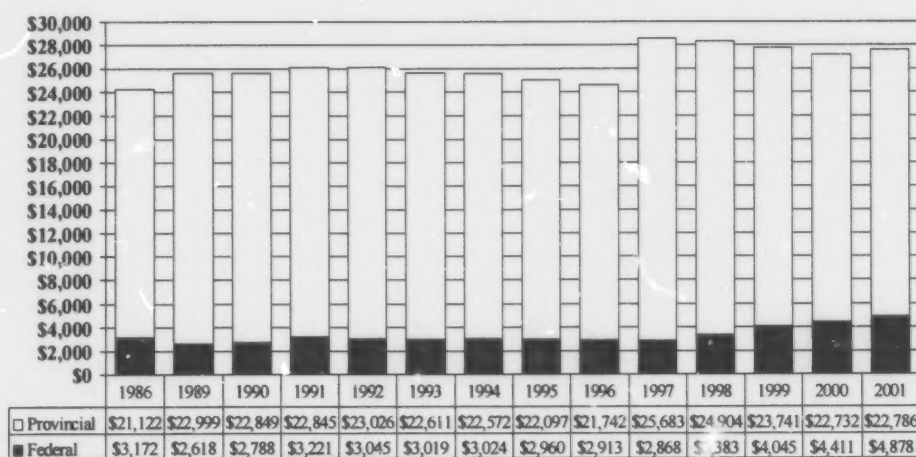
BC Welfare Income, Couple, Two Children (2001 Dollars)



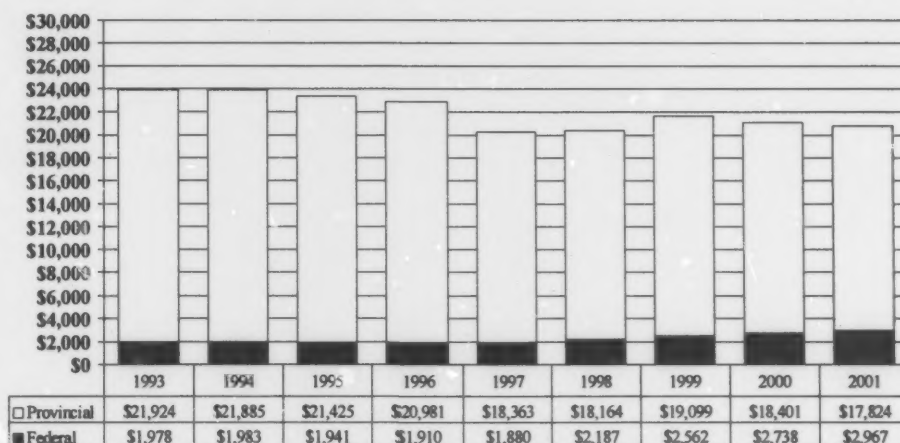
Yukon Welfare Income, Single Parent, One Child (2001 Dollars)



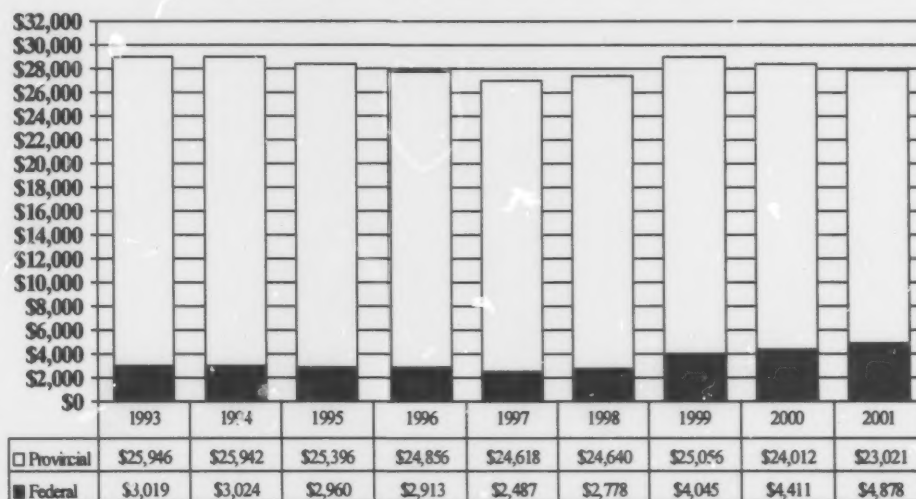
Yukon Welfare Income, Couple, Two Children (2001 Dollars)



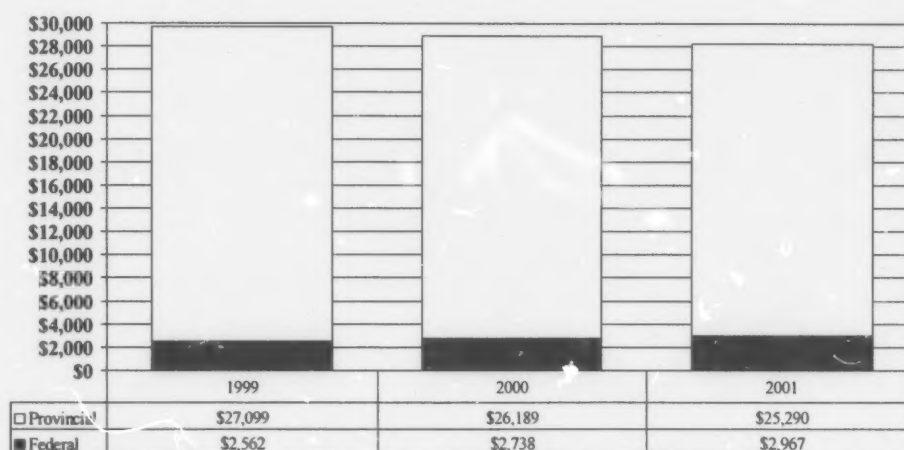
NWT Welfare Income, Single Parent, One Child (2001 Dollars)



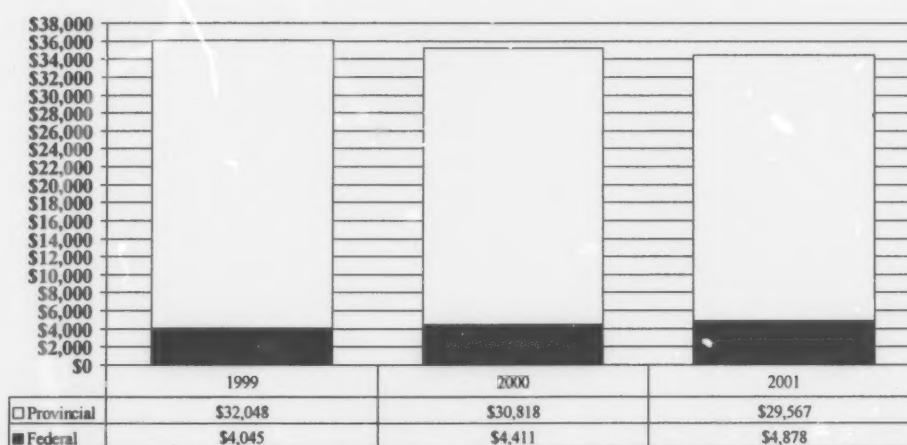
NWT Welfare Income, Couple, Two Children (2001 Dollars)



Nunavut Welfare Income, Single Parent, One Child (2001 Dollars)



Nunavut Welfare Income, Couple, Two Children (2001 Dollars)



WELFARE INCOMES AND POVERTY

In the years in which the National Council of Welfare has been examining welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 6 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 2001. We have used the total income of welfare recipients, including assistance from provincial governments, federal and provincial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

The territories are not included in this table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for people with a disability begin in 1989.

Firstly, the last two columns show that between 1999 and 2000, the standard of living for people on welfare improved in seven out of ten cases, but only partially - that is, only one household type per province saw its situation improve. Secondly, between 2000 and 2001, the standard of living of welfare recipients improved in only five cases.

The welfare incomes of families in Newfoundland and Labrador as well as in New Brunswick approached the poverty line. This is attributable to the fact that both provinces allowed all families with children to keep the supplement to the CCTB paid by the federal government, while all the other provinces and territories deducted this amount from the recipient families. The standard of living of single employable persons improved greatly owing to a reform that considerably increased the welfare benefits for single employable persons over age 29.

For the three provinces that changed their approach to the CCTB in 2001 - namely, Manitoba, Nova Scotia and Quebec, we can see that the standard of living improved by an average of about one percent for the families affected between 2000 and 2001, even though the beneficial change did not take effect until mid-year. The exception is the single-parent family in Nova Scotia; before the August 2001 reform, interim welfare rates were applied and these rates were lower than the rates used in 2000. An assessment of the situation in 2002 should show a distinct improvement between 2001 and 2002. Also, single employable persons in Nova Scotia saw their standard of living rise in 2001 because the new system gave them a couple of hundred dollars more, and this had a major impact on an extremely low income, \$4,817 in 2001.

In Prince Edward Island, the standard of living of families rose in 2000 because of the introduction of a transportation allowance and a child allowance for cultural and recreational activities, and because of increases in the allowance for school activities. In 2001, the standard of living declined because the increase of one of its allowances did not offset the increase in the cost of living or the clawback of the supplement to the CCTB.

In Saskatchewan, the single-parent family saw its standard of living increase because the assistance for utilities increased, as did the basic GST credit and supplement. In Alberta, the person with a disability and the single parent with one child saw slight improvements.

The column showing changes between 1986 and 2001 shows that in only six cases were there improvements in the welfare rate as it compares to the poverty line. Single employable people living in Prince Edward Island experienced the biggest drop in standard of living between 1986 and 2001 and also between 1991 and 2001, by 70 percent and 70.3 percent respectively.

At no point between 1986 and 2001 did any province or territory provide welfare benefits that allowed welfare recipients to reach the poverty line. As Table 6 shows, the highest rates ever achieved were still substantially below the poverty line. In 1989, Prince Edward Island provided benefits for single employable people that reached 66 percent of the poverty line, and for couples with children that reached 78 percent of the poverty line. In 1992, 1993 and 1994, Ontario provided welfare incomes to single parents that reached 80 percent of the poverty line. In all cases, these incomes have since deteriorated significantly.

Table 6 also illustrates the disparity in incomes between the different family types in need of assistance. As the federal assistance provided to various families is the same province to province, the disparities in total income are attributable to provincial programs or their treatment of the CCTB.

The poorest of all welfare recipients in Canada are always single employable people. Again in 2000, Newfoundland and Labrador had the dubious distinction of providing the lowest welfare incomes in Canada, at 12 percent of the poverty line, while in 2001, it shared this unfortunate distinction with New Brunswick, whose share of income expressed as a percentage of the poverty line was 21 percent.

TABLE 6, 2001 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% Change 1986- 2001	% Change 1991- 2001	% Change 1999- 2000	% Change 2000- 2001
NEWFOUNDLAND AND LABRADOR																		
Single Employable	33	32	32	33	34	33	33	33	19	9	9	9	12	20	-60.7	-62.9	21.9	42.4
Person with a Disability		64	63	63	64	63	63	62	61	60	60	59	56	55		-14.4	-5.7	-1.7
Single Parent, One Child	68	66	67	69	71	71	70	69	68	67	69	70	72	73	6.6	4.9	3.7	0.2
Couple, Two Children	58	56	56	56	56	55	55	54	53	53	54	56	57	57	-0.8	2.5	1.3	1.4
PRINCE EDWARD ISLAND																		
Single Employable	62	66	60	62	62	62	56	43	40	39	39	38	37	36	-70.0	-70.3	-3.4	-1.8
Person with a Disability		77	70	70	71	70	69	67	67	60	60	59	56	55		-28.1	-5.2	-2.1
Single Parent, One Child	71	75	69	71	71	71	70	67	64	62	61	60	63	62	-13.2	-13.7	4.4	-0.3
Couple, Two Children	74	78	71	73	73	73	71	69	64	64	63	62	64	64	-14.6	-13.7	2.9	-0.1
NOVA SCOTIA																		
Single Employable	44	50	48	47	46	45	45	44	43	32	32	31	29	30	-49.2	-57.7	-6.9	2.5
Person with a Disability		66	66	66	65	64	65	63	62	61	61	60	56	51		-28.4	-7.0	-8.8
Single Parent, One Child	64	66	66	67	67	66	67	65	64	63	63	63	64	61	-6.1	-10.5	2.4	-6.4
Couple, Two Children	57	60	58	58	57	56	56	55	58	59	59	57	58	60	5.5	3.9	1.6	4.1
NEW BRUNSWICK																		
Single Employable	22	24	24	25	24	24	24	24	24	23	23	23	21	21	-5.0	-19.8	-6.9	-2.5
Person with a Disability		63	62	62	61	61	61	48	47	48	48	47	44	43		-45.2	-7.0	-2.6
Single Parent, One Child	56	55	55	55	55	55	57	59	59	59	61	62	64	64	12.1	13.8	3.3	-0.1
Couple, Two Children	46	44	44	45	45	45	46	48	48	49	50	52	53	53	13.3	15.5	1.5	1.1
QUEBEC																		
Single Employable	20	31	48	41	41	41	40	39	39	37	37	37	34	34	40.5	-20.5	-8.5	-0.5
Person with a Disability		47	49	53	53	53	54	53	53	53	53	53	49	49		-7.3	-7.9	-0.1
Single Parent, One Child	57	54	58	54	59	60	62	61	60	57	57	57	56	57	-0.3	4.5	-1.1	0.2
Couple, Two Children	54	54	59	52	52	53	52	51	51	48	48	48	47	48	-13.6	-9.0	-1.9	1.2

TABLE 6, 2001 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1988	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% Change 1986- 2001	% Change 1991- 2001	% Change 1999- 2000	% Change 2000- 2001
ONTARIO																		
Single Employable	43	47	52	54	55	55	55	51	42	42	41	41	37	36	-19.5	-49.0	-9.5	-2.5
Person with a Disability		68	72	75	76	76	76	74	73	72	71	70	64	62		-20.2	-9.6	-2.6
Single Parent, One Child	64	68	76	79	80	80	80	75	63	62	61	60	60	59	-8.7	-34.6	-0.7	-2.1
Couple, Two Children	58	61	70	72	73	73	72	67	57	56	55	55	53	52	-11.7	-39.3	-3.5	-1.9
MANITOBA																		
Single Employable	43	40	46	46	47	47	44	42	39	34	34	33	30	29	-40.5	-50.4	-9.5	-2.5
Person with a Disability		43	49	49	59	53	53	52	51	50	50	49	42	41		-20.6	-18.2	-2.6
Single Parent, One Child	56	50	54	55	60	54	54	53	52	51	51	50	47	48	-14.8	-13.6	-6.5	3.3
Couple, Two Children	60	60	65	67	68	63	64	62	56	52	51	50	49	50	-20.5	-35.1	-2.1	0.8
SASKATCHEWAN																		
Single Employable	41	42	41	41	42	44	44	43	42	38	38	39	37	37	-10.7	-10.9	-4.9	-0.4
Person with a Disability		67	65	65	63	63	63	61	62	56	56	57	54	54		-21.3	-5.7	-0.6
Single Parent, One Child	70	69	68	68	66	66	66	64	63	62	58	59	61	61	-13.6	-11.1	3.1	-0.4
Couple, Two Children	70	68	66	65	65	65	65	63	62	58	58	60	60	60	-16.5	-8.6	-0.5	-0.1
ALBERTA																		
Single Employable	51	36	35	39	38	36	32	31	31	30	30	30	27	27	-91.7	-46.1	-9.5	-2.5
Person with a Disability		44	43	60	45	44	44	43	42	42	42	42	41	40		-48.9	-2.0	-2.5
Single Parent, One Child	61	55	53	57	57	54	52	50	50	49	50	50	50	49	-24.5	-15.6	0.3	-1.8
Couple, Two Children	66	58	56	62	61	59	56	55	55	54	54	54	53	52	-26.5	-19.6	-2.0	-1.9
BRITISH COLUMBIA																		
Single Employable	37	41	42	40	43	43	44	43	39	39	38	38	35	34	-6.7	-16.8	-8.7	-1.4
Person with a Disability		56	58	58	60	60	61	61	60	59	58	57	53	52		-11.8	-8.7	-1.4
Single Parent, One Child	55	60	61	62	64	64	65	64	63	62	61	60	60	60	7.6	-3.8	0.1	-0.8
Couple, Two Children	54	53	54	54	56	57	57	57	56	55	54	54	52	52	-4.7	-4.0	-2.7	-0.6

The adequacy of incomes for people with a disability has remained relatively stable in comparison to the incomes of other welfare recipients. During recent welfare reforms in the 1990s, provinces and territories frequently exempted people with disabilities from cuts to benefits. The value of the incomes ranged from a high of 77 percent of the poverty line in Prince Edward Island in 1989 to a low of 55 percent of the poverty line in 2001. Two provinces joined Alberta in its treatment of welfare benefits for people with a disability. In 2000, Alberta, Manitoba and New Brunswick provided 41 percent, 42 percent and 44 percent of the poverty line respectively, whereas in 2001, the rates dropped to 40 percent, 41 percent and 43 percent. We note that in Alberta, people with severe and permanent disabilities are eligible for further assistance through the Assured Income for the Severely Handicapped program. In 2000, in New Brunswick, a new supplement granted once a year was introduced for eligible people with a disability recognized by a group of medical experts, the equivalent of classifying them as people with a long-term disability.⁶

The maximum welfare income a single parent received was 80 percent of the poverty line in Ontario in 1992, 1993 and 1994. The lowest incomes were for single-parent families with one child in Alberta and Manitoba: in 1997 and 2001, single-parent families in Alberta received benefits equivalent to 49 percent of the poverty line, while families in Manitoba received 47 percent and 48 percent in 2000 and 2001.

The lowest welfare income in Canada for a couple with two children on welfare was 44 percent of the poverty line for families in New Brunswick in 1989 and 1990. The second lowest, 47 percent, was granted far more recently, in 2000, in Quebec. The highest income for families on welfare was 78 percent of the poverty line in Prince Edward Island in 1989.

As the graphs on the next pages illustrate, there is wide variation in the adequacy of welfare incomes even within regions. Among the five eastern provinces, the most consistently low welfare incomes for single employable people used to be in New Brunswick. Single employable people on welfare in New Brunswick received grossly inadequate assistance ranging from a low of 22 percent of the poverty line in 1986 to 25 percent of the poverty line in 1991. In 1996, however the Newfoundland and Labrador government imposed a severe cut to the welfare rates of single employable people, bringing those incomes down to only nine percent of the poverty line. It was not until 2001 that a single person living in Newfoundland and Labrador, following a reform of the rates for single employable people over age 29 (80 percent of single employable people are over age 29), could receive an income comparable to that of New Brunswick, though both are extremely low in relation to the poverty line.

The highest welfare income in Canada for single employable people was 66 percent of the poverty line in Prince Edward Island in 1989. By 2001, welfare incomes in PEI had deteriorated to 36 percent of the poverty line. In Quebec, welfare incomes reached 48 percent of the poverty line in 1990, but eroded to 34 percent in 2000 and 2001. Nova Scotia's incomes hovered at 29 percent of the poverty line by 2000 and 30 percent in 2001.

Changes in the welfare incomes in the five western provinces also differed significantly. Manitoba's incomes dropped from a high of 47 percent in 1992 and 1993, to only 29 percent in

⁶ Our calculations do not show these additional allowances because we assume that this person has a severe enough disability to qualify as a person with a disability, but does not need special equipment.

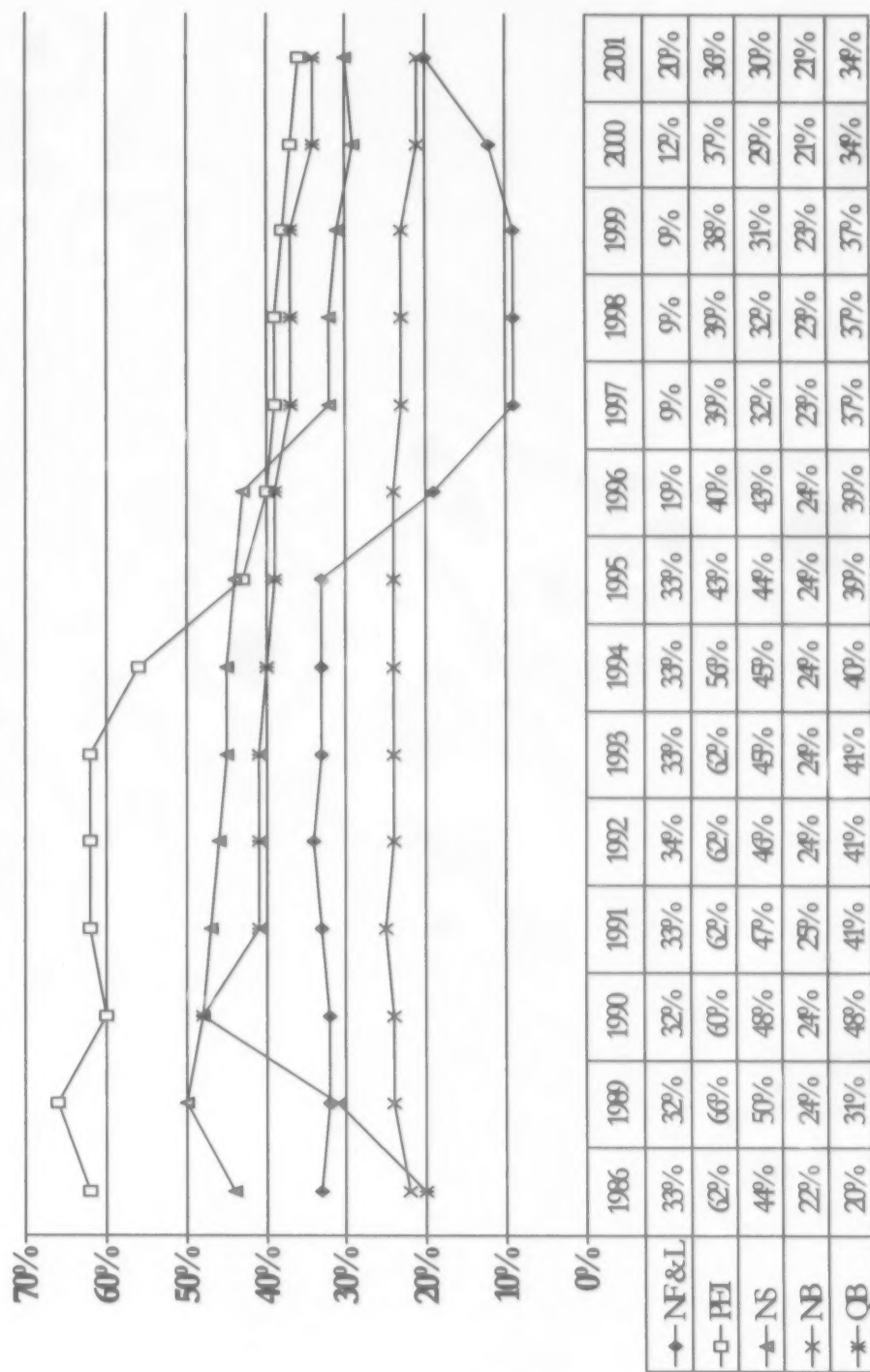
2001. Saskatchewan's incomes rose and fell slowly throughout the period. British Columbia incomes remained more steady until 1999, then dropped to 35 percent in 2000 and 34 percent in 2001.

In Ontario, changes in the welfare system brought incomes from 43 percent of the poverty line in 1986 to a peak of 55 percent in the early 1990s. By 2000 and 2001, Ontario's support for single employable people had dropped to 37 and 36 percent of the poverty line respectively. In Alberta, incomes dropped from a high of 51 percent in 1986 to 27 percent in 2000 and 2001.

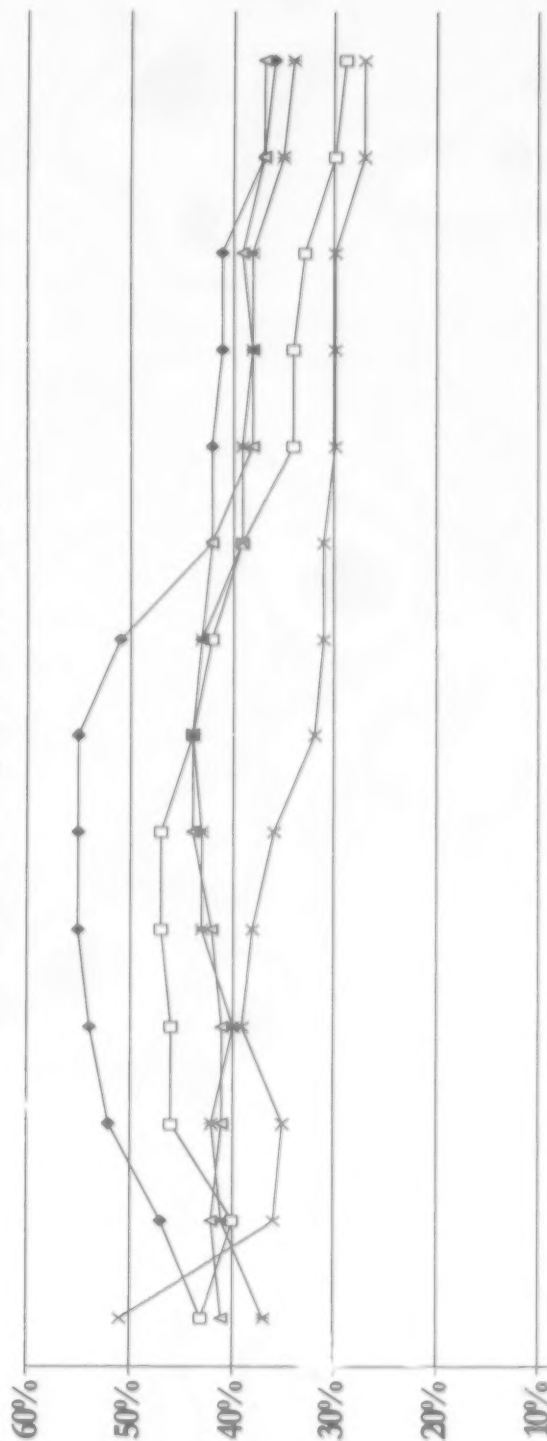
Welfare incomes in all the provinces are grossly inadequate. Yet instead of improving the living standards of people on welfare, the provinces have imposed freezes and cuts to welfare rates. The National Council of Welfare is extremely concerned about this trend. Incomes that provide adequate standards of living covering the cost of the necessities of life must be a goal of welfare programs.

FIGURE 3

Welfare Incomes Over Time As % of Poverty Line, Single Employable People



Welfare Incomes Over Time As % of Poverty Line, Single Employable People



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
—♦— ON	43%	47%	52%	54%	53%	55%	55%	51%	42%	42%	41%	41%	37%	36%
—□— MB	43%	40%	46%	46%	47%	47%	44%	42%	39%	34%	34%	33%	30%	29%
—Δ— SK	41%	42%	41%	41%	42%	44%	44%	43%	42%	38%	38%	39%	37%	37%
—×— AB	51%	36%	35%	39%	38%	36%	32%	31%	31%	30%	30%	30%	27%	27%
—*— BC	37%	41%	42%	40%	43%	43%	44%	43%	39%	39%	38%	38%	35%	34%

EARNINGS EXEMPTIONS

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have earnings. Each province and territory allows welfare recipients to retain a certain amount (a flat-rate sum, a percentage of earnings or a combination of both) without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 7 shows the allowable earnings exemptions for January 2001 in each province and territory. The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including childcare expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces and territories are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions also encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates.

The National Council of Welfare feels that it is fair to require some effort on the recipient's part towards self-sufficiency wherever possible. Job search and training requirements have always been a condition of eligibility for employable welfare applicants. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits is not.

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001			
	UNEMPLOYABLE	EMPLOYABLE	
NEWFOUNDLAND AND LABRADOR ¹	Disabled adult: up to \$95 Family with disabled member(s): up to \$190	Unemployed adult: up to \$75 Family of two or more (no disabled members): up to \$150	
PRINCE EDWARD ISLAND ²	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households		
NOVA SCOTIA ³	Single person: \$100 + 25% of gross earnings or vocational training allowances Family: \$200 + 25% of gross earnings or vocational training allowances Single people with disabilities who are in an approved education program: \$275 + 25% of monthly training allowances	Single person: \$50 (net wages) Family: \$100 (net wages) ⁴	

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001		
	UNEMPLOYABLE	EMPLOYABLE
NEW BRUNSWICK	Single person: \$150 Family: \$200	Single person: \$150 Family: \$200 If welfare officials decide a recipient has high employment potential, exemptions are increased. For a single person: an additional monthly amount of \$250 for two months. For a family: an additional \$200 a month for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.
		Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the employment seems likely to lead to self-sufficiency (that is, is not temporary or seasonal). The Extended Wage Exemption lasts for 12 months only. Recipients' exemptions then revert to the established exemption minimum. Single people and couples without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month. Families with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.
QUEBEC	Person with severe limitation to work: \$100 Person with temporary limitation to work: \$200	Single person: \$200 Single parent: \$200 Two-parent family: \$300

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001

	UNEMPLOYABLE	EMPLOYABLE
ONTARIO ⁵	\$160 for disabled single person + 25% of remainder of earnings + child care ² \$235 for families, with a disabled member + 25% of remainder of earnings + child care ⁶	Single person: first \$143 + variable exemption ⁶ Single parent, one child: first \$275 + variable exemption ⁷ + child care ⁶ Couple, two children: first \$346 + variable exemption ⁷ + child care ⁶
MANITOBA ⁸	Newly-enrolled applicant and self-employed person: \$100 of net earnings Single parent: \$115 plus 30% of net earnings in excess of \$115 Single person, childless couple and two parent family: \$100 plus 30% of net earnings in excess of \$100 ⁹	Single person, childless couple and two-parent family with children: \$100 for each earner + 25% of net earnings Single parent: \$115 + 25% of net earnings
SASKATCHEWAN ¹⁰	Single person with a disability: first \$100 of earned income + 20% of excess (maximum exemption \$175) Two-adult family, no children: first \$125 of earned income + 20% of excess (maximum exemption \$250) Family with children in which the adult is disabled: \$200. Earnings over \$200 are eligible for the Saskatchewan Employment Supplement.	Single person: first \$25 of earned income + 20% of excess (maximum exemption \$100) Two-adult family, no children: first \$50 of earned income + 20% of excess (maximum exemption of \$175) Family with children: \$125. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001		
	UNEMPLOYABLE	EMPLOYABLE
ALBERTA	Adult in family: \$115 plus 25% of net income earned by all adults. First \$350 of earnings of each child in the family plus 25% of income over \$350 earned by the children. ²	Adult in family: \$115 plus 25% of net income earned by all adults. First \$350 of earnings of each child in the family plus 25% of income over \$350 earned by the children. ²
BRITISH COLUMBIA	Disability Benefits Level 1 (temporarily unemployable): eligible for the regular earnings exemption	Single: \$100 plus 25% of any income earned after recipient has been on welfare for three months
	Disability Benefits Level 2 (permanently unemployable): \$200 plus 25% of remaining amount. There is no time limit.	Couple + Families: \$200 plus 25% of any income earned after recipient has been on welfare for three months The exemption is available for only 12 months during a 36-month period. The 12 months need not be consecutive.
YUKON	For first three months on welfare, \$50 for a single person, \$100 for a family. In fourth month, an additional exemption of 25% of further income.	
	No exemption on net income from full-time employment (more than 20 hours a week).	
	Earnings exemption on part-time employment is the greater of 50% of net earnings (not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependants) or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more.	
NORTHWEST TERRITORIES ¹²	People considered to be permanently excluded: \$25 for a single person, \$50 for a married couple from sale of handicrafts or hobby materials.	
	After three months on welfare, Yukon grants an additional exemption of 25% of net earnings exceeding the flat rate exemptions.	
	\$150 (no dependants) \$300 (dependants)	
NUNAVUT	\$150 (no dependants) \$300 (dependants)	

¹ As of October 1998, Newfoundland and Labrador allows the deduction from earnings of babysitting or day care costs up to a maximum of \$325 a month for one child and a further \$125 a child for other children if necessary for employment. The same exemptions apply to applicants for welfare.

² The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries must travel to and from work.

³ There is a total exemption of earned income for the first month of full-time employment for unemployable recipients on provincial welfare (the person with a disability and the single parent). Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program. Revisions to the exemptions began in August 2001 and will be reflected in later versions of this report.

⁴ These are the earnings exemptions which represent the Social Assistance Program (Employable) and Family Benefits Program (Unemployable).

⁵ The exemptions are time limited: whereas the percentage is 25% of remainder of earnings for the first year, after a year, it is decreased to 15% and after two years, only the lump sum is exempted.

⁶ Actual amount paid for licensed child care expenses, otherwise, up to a maximum of \$390 for each child under six; up to a maximum of \$346 for each child aged more than six and under 13.

⁷ Variable rate is 25 percent for those with cumulative months with earnings, (calculated effective October 1999) while receiving social assistance for up to one year. The rate is 15 percent between one and two years, and the rate is reduced to zero if 25 months or more.

⁸ When an unemployable participant's gross monthly income from all sources, except those exempted, represents 135% or more of the household's cost of basic necessities, the participant will no longer be eligible for a supplement.

⁹ In all cases, the participants' budgets can include transportation and work clothing.

¹⁰ Earnings exemption levels vary by family size. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment. The Saskatchewan Employment Supplement is a monthly payment for parents on welfare who work for pay or receive maintenance payments. The Supplement is paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of \$315 extra a month for a family with five or more children.

¹¹ Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$200 a month plus 25 percent of additional earnings, and families have an exemption of \$775 monthly.

¹² On September 1, 2001 Northwest Territories increased its earnings exemptions to \$200 and \$400 respectively for single persons and families.

CONCLUSION

The National Council of Welfare has tracked welfare rates since 1986. In all those years, we have had very little opportunity to announce any good news. From the beginning, the Council was concerned about how low welfare incomes were. Welfare incomes have never reached the poverty line for any family type at any time anywhere in Canada.

If indeed we are in a recession, those who are already poor will be joined by others, to whom we will have to offer additional economic support. But no further measures for that purpose were announced in the 2001 Budget. We might say that at least the Child Tax Benefit (CTB) was not touched, but the massive investment in that program - \$6 billion in CTB paid out in 2000 - did not all make its way to the people most in need of it. The perverse impact of the clawback that has existed since July 1998 continued in eight of the 13 provinces and territories: the federal government gives and the provinces and territories take away. The federal government allowed the provinces and territories to claw back the increases in federal funds from families that relied on welfare, and is still allowing them to do it.

The clawback has effectively frozen welfare incomes and dampened prospects for increases in the future. It has also made it possible for the provinces and territories to evade their responsibilities to the poorest of the poor while the federal government now shoulders a greater part of the cost.

Five provinces have gone against this trend, and we are very pleased that three provinces decided to follow the trail blazed by the first two. Newfoundland and Labrador and New Brunswick have been passing the increases through to families since July 1998, and the three provinces that recently changed the way they deal with the Child Tax Benefit are Nova Scotia (as of August 2001), Manitoba (as of July 2001 for children under the age of seven) and Quebec (as of July 2001 for all family benefits recipients).

For the three provinces that changed the way they deal with the CTB, the evidence shows that the standard of living rose by about one per cent for the families⁷ affected between 2000 and 2001, even though the change only took effect halfway through the year. When the situation is assessed for 2002, it should show a net improvement between 2001 and 2002.

However, for 2000 and 2001, no province had welfare rates consistently closer to the poverty line than elsewhere. Rates in some provinces and territories, especially rates for single employable people, are far below the line. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date.

The welfare income picture over the last decade is bleak. The purchasing power of welfare incomes fell everywhere in Canada for most of the 1990s, and the trend continues in the early part of this decade, with few exceptions. In Prince Edward Island provincial incomes

⁷ The exception is single-parent families in Nova Scotia, where interim social assistance rates were applied before the August 2001 reform, and were lower than the rates used in 2000.

went up in 2000 for all types of families, but they went down again in 2001. In Yukon, 2001 numbers have also shown an increase in provincial incomes for all types of families.

A number of provinces and territories reviewed their social assistance programs during 2001 or announced that they would be doing so during 2002. In January 2001, the Government of Newfoundland and Labrador announced that it would be reviewing its social assistance legislation and holding public consultations on the changes to be made. In Saskatchewan, Welfare Reform is in Phase II, and public consultations are being held. In Alberta, consultations have concluded, and the committee that is coordinating the program review submitted a report to the Minister in October 2001. In Nunavut, following public consultations, the Final Report of the Income Support Policy Review was tabled in the Assembly.

The Council will be carefully monitoring the results of the various public consultations and the recommendations adopted by the different provincial and territorial governments referred to above, to ensure that the changes made genuinely reflect the needs of low-income Canadians and respect their dignity and their full rights as citizens. The National Council of Welfare in particular is very concerned about the recent decisions by the Government of British Columbia to cut benefits for certain social assistance recipients and tighten eligibility criteria for others.

The price of poverty is paid by all Canadians. There is abundant evidence that poverty not only causes personal human suffering, but also is illogical from a strictly economic standpoint. In February 2001, the National Council of Welfare published *The Cost of Poverty*, in which it presented a number of examples showing that we all pay the price of poverty and explained how more informed decisions would advance human well-being and produce real, long-term savings.

Finally, we cannot remain silent in the face of proposals that we adopt a U.S.-style approach that would involve for example placing a cap on welfare entitlements, with a lifetime limit on "use". The National Council of Welfare considers this type of thinking to be dangerously simplistic. It is absurd to think that cutting benefits and excluding people from social assistance programs is going to result in a reduction in poverty levels. We believe it is wrong to imagine that reducing the number of welfare recipients will cause the number of workers to increase. It is more logical to believe the opposite: if more people are working, fewer people will need last-resort income. In addition, it is wrong to think that poor families all fit the same homogeneous pattern.

In *Child Poverty Profile 1998*, the National Council of Welfare showed that although a greater proportion of poor children lived in families where the major income provider was not employed, not all poor children live in families where the adults have no paid work. Fully one half of poor children lived in families where the major income earner was employed part, if not all, of the year in 1998.

The Council has seen no convincing evidence that taking money away from the poorest of poor families will motivate parents to enter the work force. What we know helps parents to provide for their children are a series of family supports such as job training, better minimum wages, labour policies that help parents to balance their responsibilities to their children with

their responsibilities to their jobs. Good, integrated family policy must also include early child development programs that provide the best possible early education for children while providing the dependable, affordable child care that allows parents to participate in job training and take jobs.

TABLE 8, ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY

	MARCH 31, 1995	MARCH 31, 1996	MARCH 31, 1997	MARCH 31, 1998	MARCH 31, 1999	MARCH 31, 2000	MARCH 31, 2001	% CHANGE 1999-2000	% CHANGE 2000-2001
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600	59,900	59,400	54,400	-0.8%	-8.4%
PRINCE EDWARD ISLAND	12,400	11,700	11,100	10,900	9,800	8,400	7,900	-14.3%	-6.0%
NOVA SCOTIA	104,000	103,100	93,700	85,500	80,900	73,700	66,800	-8.9%	-9.4%
NEW BRUNSWICK	67,400	67,100	70,600	67,100	61,800	56,300	52,900	-8.9%	-6.0%
QUEBEC	802,200	813,200	793,300	725,700	661,300	618,900	576,600	-6.4%	-6.8%
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300	910,100	802,000	709,200	-11.9%	-11.6%
MANITOBA	85,200	85,800	79,100	72,700	68,700	63,300	60,500	-7.9%	-4.4%
SASKATCHEWAN	82,200	80,600	79,700	72,500	66,500	63,800	60,900	-4.1%	-4.5%
ALBERTA	113,200	105,600	89,800	77,000	71,900	64,800	58,000	-9.9%	-10.5%
BRITISH COLUMBIA	374,300	369,900	321,300	297,400	275,200	262,400	252,900	-4.7%	-3.6%
YUKON	2,100	1,700	2,000	2,100	1,700	1,400	1,300	-17.6%	-7.1%
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700	11,300	3,400	2,200	-69.9%	-35.3%
NUNAVUT	<i>Nunavut data are as of December 31, 1999.</i>					7,300	7,300		
CANADA	3,070,900	2,937,100	2,774,900	2,577,500	2,279,100	2,085,100	1,910,900	-8.5%	-8.4%

Source: Social Program Information and Analysis Division, Social Policy Directorate, Human Resources Development Canada

TABLE 9, POVERTY LINE, 2000 ESTIMATE
NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S
BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2000*

FAMILY SIZE	COMMUNITY SIZE				
	CITIES OF 500,000+	100,000- 499,999	30,000- 99,999	LESS THAN 30,000	RURAL AREAS
1	18,371	15,757	15,648	14,561	12,696
2	22,964	19,697	19,561	18,201	15,870
3	28,560	24,497	24,326	22,635	19,738
4	34,572	29,653	29,448	27,401	23,892
5	38,646	33,148	32,917	30,629	26,708
6	42,719	36,642	36,387	33,857	29,524
7 +	46,793	40,137	39,857	37,085	32,340

* Based on 2.7 percent inflation in 2000

TABLE 9, POVERTY LINE, 2001 ESTIMATE
NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S
BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2001*

FAMILY SIZE	COMMUNITY SIZE				
	CITIES OF 500,000+	100,000- 499,999	30,000- 99,999	LESS THAN 30,000	RURAL AREAS
1	18,849	16,167	16,055	14,940	13,026
2	23,561	20,209	20,070	18,674	16,283
3	29,303	25,134	24,958	23,224	20,251
4	35,471	30,424	30,214	28,113	24,513
5	39,651	34,010	33,773	31,425	27,402
6	43,830	37,595	37,333	34,737	30,292
7 +	48,010	41,181	40,893	38,049	33,181

* Based on 2.6 percent inflation in 2001

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, 9^e étage, 112, rue Kent, Ottawa, Ontario, K1A 0J9, sous notre site web au www.ncwcnbes.net ou sous forme de courrier électronique au ncw@magi.com.